



THE CITY OF

HOMESTEAD

FLORIDA



2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2018



CITY OF HOMESTEAD, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2018

PREPARED BY

THE FINANCE DEPARTMENT



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CITY OF HOMESTEAD, FLORIDA

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INTRODUCTORY SECTION



June 7, 2019

To the Honorable Mayor, Members of the City Council, and Residents of the City of Homestead.

City Council

Stephen R. Shelley
Mayor

Jon A. Burgess
Vice Mayor

Jenifer N. Bailey
Councilwoman

Patricia Fairclough
Councilwoman

Julio Guzman
Councilman

Elvis R. Maldonado
Councilman

Larry Roth
Councilman

George Gretsas
City Manager

City Hall

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Homestead, FL 33030
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State law requires that all general purpose local governments publish, within nine months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards and government auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the Comprehensive Annual Financial Report (CAFR) of the City of Homestead for the fiscal year ended September 30, 2018 is hereby transmitted.

This report consists of management's representations concerning the finances of the City of Homestead. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of the City of Homestead has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City of Homestead's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the City of Homestead's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As such, management asserts that this financial report is complete and reliable in all material respects to the best of managements' knowledge and belief.

Marcum LLP, a licensed, certified public accounting firm has audited the City of Homestead's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Homestead for the fiscal year ended September 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Homestead's financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Homestead was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal and State of Florida awards. This reporting is available in the City of Homestead's Reporting Section issued as part of the Comprehensive Annual Financial Report. The entire report is available on the City's website at www.cityofhomestead.com.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Homestead's MD&A can be found immediately following the independent auditors' report.

Profile of the Government

The City of Homestead was incorporated in 1913, making the second oldest city in Miami-Dade County. The City is located in the southern part of Florida, and currently occupies a land area of 16 square miles and serves a population of approximately 73,800. The City of Homestead is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, with concurrent approval from Miami-Dade County, which occurs periodically when recommended by the City Manager and approved by the City Council.

The City of Homestead operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and six other members. The Council is elected on a non-partisan basis. Council members serve staggered four year terms, and although the council seats include a geographical residency requirement for a specific area of the City, the Council members are elected at-large. The Mayor is elected to serve a two-year term and is elected at-large. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and boards, and hiring the City Manager, City Clerk, City Attorney and Council Auditor (a.k.a. "Internal Auditor"). The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and appointing the heads of the various departments.

The City of Homestead provides its residents with a full range of services, including general government, justice protection, public works and street maintenance, parks and recreational activities, planning and zoning regulation, community development, and utilities, including electric, sanitation, stormwater, and water and sewer. Most recently, the City is providing local trolley services. Fire protection is provided by Miami-Dade County.

The financial statements were prepared in accordance with GAAP, which establishes standards for defining and reporting on the financial reporting entity. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered financially accountable if it appoints a voting majority of an organization's governing body and is either able to impose its will on that organization, or has a financial benefit/burden relationship with the organization. Blended component units, although legally

separate entities, are, in substance, part of the government's operations. Other than the operations of the primary government, the accompanying statements include the Homestead Community Redevelopment Agency (CRA), and the Homestead Station QALICB as a blended components.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Homestead are required to submit requests for appropriation to the City Manager each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to Council for review. The Council is required to hold two public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund (e.g., general fund), department (e.g., police), and division (e.g., community service). No department may legally expend in excess of amounts appropriated for that department within an individual fund. Department heads may make transfers of appropriations within a department. However, transfers of appropriations between departments require the approval of the City Council. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level, except for the General Fund which is at the department level. The City adopts an annual budget for all its funds except the Sundries Grant Fund, the Community Development Block Grant Fund, and its fiduciary funds. The City also maintains an encumbrance accounting system for budgetary control. Unencumbered appropriations in the annual operating budget will lapse at the end of the fiscal year. Unencumbered appropriations for capital items are evaluated on a case by case basis. Budget-to-actual comparisons are provided for the general, special revenue and capital project funds. These comparisons are presented on pages 133-137 as part of the basic financial statements and on pages 147 and 154-159 as part of the combining fund statements for the governmental funds.

Local Economy

Until the last quarter of 2008, the City of Homestead had experienced unprecedented economic growth in commercial and residential development. The City's population nearly doubled between 2004 and 2008. With the downturn in the housing market and the malaise in the general economy, the growth rate had declined considerably in 2009 and 2010. By 2011, the growth rate had rebounded, and the City's population reached 61,503, and in 2018 it is estimated at 73,800.

Under Florida's Constitution, residential properties are owner-occupied and have a homestead exemption limited to the Consumer Price Index increase or 3% whichever is less. The effect of this limitation burdens the City's tax base by exempting from taxation large portions of residential property value. The City has the ability to tax property up to 10 mills, or \$1 for each \$1,000 of taxable value. It is not anticipated the City will reach the tax rate cap anytime soon. In January 2008, Amendment One to the State Constitution, also known as "Portability of Save Our Homes", was passed through a statewide referendum. This amendment provided an additional \$25,000 homestead exemption, a \$25,000 tax exemption for tangible personal property, and portability whenever the property is sold. The new exemption negatively impacts the City by reducing its property tax base. Moreover, effective with the City's FY 2008 budget, the Florida Legislature has modified its roll-back requirement. This change will require the City to "roll-back" its tax rate each year to a rate that will produce the same property tax revenue as for the prior year plus the change in per capita personal income. The City Council can vote with a super majority to increase that amount, but ultimately the legislation will limit the ability of the City to increase its revenues from property taxes.

The impact of the economic decline on the real estate market resulted in a decline of the City's property values: between 2009 and 2014, property values had declined by over 51% for a total decline of \$2.0 billion. After years of declining property values, values indicate that the bottom of the market may have been reached as values begin to show signs of a recovery. For FY 2019 the City's assessed valuation is estimated at \$2.857 billion, representing a 9.54% increase from the prior year. Despite the multi-year decrease in property values,

the City has maintained its commitment to provide a high level of municipal services while maintaining or reducing its property tax operating millage rate. Between 2010 and 2012 the rate was maintained at 6.2917 mills, reducing it in 2013 to 6.2435 mills, and then again to 5.9215 mills for 2014 through 2018. For FY 2019, the City is again maintaining the rate at 5.9215 mills. The debt millage rate was reduced from .5575 to .5300 mills in FY 2019. The City has been able to manage the economic downturn, and the road ahead looks very promising. However, we must remain cautious but diligent in our efforts to prioritize projects, identify funding, and manage our personnel costs in an effort to avoid returning to a dependency on budget stabilization support received from our utilities, and the use of reserves.

Homestead Hospital, built in 2007, remains the largest employer in the City. The 307,000 square-foot hospital is located on a 60-acre site just east of the Florida Turnpike on the north side of Campbell Drive. The \$135 million facility is the first new hospital to be built in Miami-Dade County in more than 30 years, and is three times the size of the old hospital. It includes a medical office building, 150 private patient rooms, an emergency room twice the size of the one at the old facility, ample clinical space for outpatient diagnostic services and minimally invasive surgery.

The City owns the Homestead-Miami Speedway, a world-class motorsports facility featuring a state-of-the-art 1.5-mile variable banked oval and a 2.3-mile road course. The Homestead-Miami Speedway hosts many of the premier North American motorsports championships. These major spectator events attract tourists from all over the world and stimulate not only the City economy, but the Miami-Dade County economy as well.

Another integral part of the Homestead community is the Homestead Air Reserve Base which is maintained and operated by the 482nd Fighter Wing, a fully combat-ready unit capable of providing F-16C Fighting Falcon fighter aircraft, along with mission ready pilots and support personnel for short-notice worldwide deployment. The base's economic impact on South Miami-Dade County is estimated at approximately over \$313 million per year. In addition, the 482nd Fighter Wing supports several "tenant units" on Homestead Air Reserve Base. A Florida Air National Guard Detachment from the 125th Fighter Wing, Jacksonville, Fla., operates the North American Aerospace Defense Command (NORAD) alert facility providing F-15 fighter jets, capable of intercepting, identifying, and if necessary, destroying unknown aircraft that penetrate U.S. airspace. Other tenant units include the U.S. Coast Guard's Maritime Safety and Security Team Miami; and the U.S. Special Operations Command South – a subordinate command of U.S. Southern Command located in the City of Doral, Florida.

In addition to all the public schools operated by the Miami-Dade County School Board, the City has several private parochial schools, charter schools and a recently opened Medical Academy for Science and Technology (MAST). Founded in 2010, MAST has established its place by achieving notable national recognition as a Merit School of Excellence from Magnet Schools of America for several years running. Miami-Dade College's Homestead Campus provides higher education opportunities to residents in the area. Offering associate in arts degrees, associate in science degrees and vocational and college credit certificates programs, Homestead Campus is home to hundreds of educational options that include in-demand fields, such as nursing, aviation, education and more. For Homestead citizens seeking higher education beyond the limits of Miami-Dade College, Florida International University, a member of the State University System and the largest public university in South Florida is located 20 miles from the City. There are also several private colleges and universities located in the area including the University of Miami and Barry University.

In the past couple of years, the City has continued its progress on the revitalization of its downtown with the completion of several significant projects that represent a \$49.5 million investment in its downtown area in an effort to attract private investors, and stimulate the local economy. The projects include the following:

- *A New City Hall* (\$26.5 million; groundbreaking was held on August 2014 and construction was completed in April 2016; a grand opening was held in April 2016 welcoming residents and businesses on a grand tour of the new facility).
- *A New Police Building* (\$18 million; groundbreaking was held on September 29, 2015, and construction was completed in February 2017; a grand opening was held on February 25, 2017 inviting all to tour the facility and meet and greet with police staff).
- Refurbished the *Seminole Theatre* into a Community Cultural Arts Center (\$5 million; a soft opening was held in October 2015, with a Gala Grand Opening held in December 2015). Since reopening, it has been the host to many events and performances.

For FY 2019, the City will continue focusing on the following projects that represent another \$65.2 million investment in its downtown:

- *Homestead Station*: A Multimodal Transit Station (estimated at \$33.3 million). In March 2017, the City Council approved a development agreement for the construction of a project that will include a seven-story parking garage with at least 1,038 parking spaces, and 30,500 square feet of street-level retail liner (“the public facility”). The agreement also provides for the simultaneous construction of a 65,000 square foot multilevel structure that will house a 10-screen movie theater, 14 bowling lanes, video arcade, food service and restrooms (“the private facility”). The public facility project will be primarily funded with transportation surtax monies (through a bond issue, and currently available surtax monies on hand), while the private facility will be privately funded by the developer. During 2018, the City successfully closed on a New Market Tax Credit (“NMTC”) transaction that generated additional funding towards this project. The project will serve not only a public purpose, but it is expected to provide a fiscal and economic benefit to the City. Construction is underway with an expected opening in October 2019.
- *Homestead Cybrary* (estimated at \$36 million), that will provide for a new state-of-the-art facility in the downtown area. Primary funding for the project is from a HUD loan, to be repaid from the City’s annual CDBG Entitlement allocation. Additional funding will be needed from the CRA, grants, available funds on hand, and other financing sources that could include funding through a NMTC transaction. Funding from private investors is expected to be \$18 million.
- *Losner Park Expansion* (estimated at \$15 million; currently in the design phase of the project and being funded with parks and recreation impact fees; grants and other financing sources will also be sought for the development of the project).

Other future projects could include an Iconic Tourist Attraction (estimated at \$30 million, but with no cost to the City; a proposal is currently under consideration).

The City has been given the distinguished designation of *Gateway to the Everglades & Biscayne National Parks*. As a result of this designation, the City has expanded its Trolley service to provide transportation and entry to the Everglades and Biscayne National Parks. The initial reaction has surpassed expectations, with hundreds of people participating in the weekend services. Participants include locals as well as out-of-towners, which get an opportunity to visit Homestead.

Long-Term Financial Planning

At fiscal year end, the City’s general fund balance remains adequate to buffer additional severe economic blows without being excessive. The City is committed to a sound fiscal policy; it is maintaining financial

stability with fiscal management controls by constantly reviewing and monitoring staff levels, and by comparing budget appropriations to actual expenditures, and estimated revenues to actual revenues.

Financial planning continues to be of significant importance to the City as we meet the challenges of the immediate and foreseeable future. Major projects undertaken by the City have long term financial implications for existing as well as future resources. The planning and decisions undertaken by the City are also weighed in the context of the financial burden that will be placed on both current and prospective residents, as well as the potential economic and environmental impacts. As the City grows and develops, the long-term strategy has to be targeted on the health, welfare, safety and quality of life of our residents, balanced against the fiscal health of the City.

The City's primary focus related to economic growth is the sale or lease of existing assets, the expansion of transportation systems, and the enhancement of residential and commercial values through revitalization of the downtown and southwest sections of the City.

In May 2014 the City voters approved a \$26 million bond referendum. On September 11, 2014, the City issued \$26 million in general obligation bonds: \$21 million in bond proceeds were used to fund the construction of a new police building (\$18 million), and to refurbish and renovate an existing facility into a temporary site for police operations (\$3 million). The old police building was built in 1910, but was found to be unsafe; the remaining \$5 million was used to renovate the historical Seminole Theatre transforming it into a Community Cultural Arts Center. The New Police Building was completed in 2017, and the Seminole Theatre reopened in 2015. The repayment of the bonds is funded through increased property tax revenues through the implementation of a debt millage rate of 0.5575 mills for FY 2018.

In 2016, the City completed the construction of a New City Hall located in the downtown area. The project's construction cost was \$26.5 million, and the building was completed on time and under budget in April 2016. The project was funded from \$16.6 million available in funds set aside for this project; the funds were realized from the sale of the Park of Commerce parcels several years ago. The gap between the project cost and the available funds was made possible through a \$10 million line of credit that was converted to a bank loan in August 2016. The City has always considered that the sale of the old City Hall site would generate the ultimate gap financing for the project.

The New City Hall, the New Police Building, and the Seminole Theatre are all located in the City's downtown.

The City has approved a development agreement for the construction of a parking garage with a retail liner (Homestead Station: a multimodal transit center), and the simultaneous construction of a family entertainment center at the site of the old police station in the heart of the downtown. The cost of this endeavor is \$33.3 million, and is funded with transportation surtax monies (including a bond issue being repaid primarily with transportation surtax monies). Groundbreaking on the project (Homestead Station) began in May 2018.

Recently, the City approved a construction contract for the Cybrary project for the shell and outer core of the facility. Additional agreements are also in negotiations for the furnishing and technological aspects of the project, as well as an operating management agreement. The City continues to work with the County in an effort to access and reprogram the property taxes paid to the County's library special taxing district, as a revenue source for the Cybrary's operations. The cost of the project is currently estimated at \$36 million, City funding of \$18 million includes a \$3.85 million HUD Section 108 Loan (to be repaid from CDBG annual entitlement funds), additional CDBG funds, funds on hand from the sale of an old bowling alley parcel, CRA

funding, grants, and other financing sources that could include NMTC transactions and equity from private investors. Funding from private investors is estimated at another \$18 million.

In addition to these projects, the City's 5-year Capital Improvement Plan (CIP) identifies over \$33.7 million in projects to be undertaken in FY 2019- FY 2023, and funded by various sources.

Over the past few years, the City has developed the budget in such a way as to eventually reach an unassigned General Fund balance at September 30, 2018 of \$9,659,840 or 20% of General Fund expenditures. This ensures that the City will have sufficient funds for future unexpected events. The City continues to exercise cost stabilization measures, and seeks additional sources of recurring revenues whenever the opportunities arise.

Relevant Financial Policies

Over the past several years, the State of Florida has passed statutory legislation regarding the manner in which local governments may assess ad valorem taxes along with special voting requirements. Among the provisions of the legislation are special tax exemptions and maximum millage rate calculations based on the state's rate of growth. Further impairment of tax proceeds occurred with the housing crisis when the assessed value of property located within the City had declined from a peak of nearly \$4 billion at January 1, 2008 to just \$2.857 billion by the valuation date of January 1, 2018.

In response to the City's commitment to long-term sustainability, an ordinance was adopted beginning with fiscal year 2005 which requires a fund balance commitment equal to 10% of general fund budgeted revenues. These financial statements reflect this required reserve in the Governmental Funds Balance Sheet.

The City maintains an investment policy with the primary focus of capital protection while seeking investment earnings and providing for daily cash requirements. The City's investment portfolio at September 30, 2018 was \$37.6 million excluding investments of the fiduciary funds, and invested proceeds from a bond issue.

The City of Homestead has a combination of insurance policies and self-insured programs to address the City's risks as a municipality. The City is self-insured for public liability and workers' compensation. Insurance policies have been purchased to cover employee health insurance, damage to City property, including windstorm and acts of terrorism.

Major Initiatives

With the population growth, there is a growing demand for access to entertainment and recreational activities, quality health care and educational opportunities. There are several projects and endeavors underway or recently completed to provide citizens with the means to fulfill these needs within the City's limits or just a short ride away. The expansion of the South Miami-Dade County Busway was completed during 2008 and provides the citizens of Homestead improved access to other areas in the county north of the City via a connection to Metrorail. Conversely, it makes the City of Homestead more accessible to other residents of Miami-Dade County.

The City-Wide Transportation and Transit Master Plan serves to create a vision for the development of the roadway, pedestrian, bicycle and transit infrastructure in the City of Homestead to provide safe and efficient mobility within the City. The plan establishes parameters that provide guidance for all privately funded development within the City limits. The plan also sets priorities and timeframes for completion of several

projects to build and improve roadways and right-of-ways. During 2018, projects completed by the streets division included:

- 7,479 square yards of asphalt repair/replaced
- 1.3 miles of street repaved
- 812 pot holes and 130 trash holes filled/repair
- 11,290 square feet of sidewalk repair/installed
- 245 linear feet of curb and gutter were installed
- 11 handicap pedestrian ramps were repaired/installed

Existing plans include the construction of Homestead Station in the downtown area. The facility would serve as a transportation hub where one can park and either take a trolley to nearby locations, or ride the busway to other parts of South Florida. The City is also considering funding the relocation of two bus shelters bringing them closer to the City's new facility.

Homestead has been designated the *Gateway to Everglades & Biscayne National Parks*, and to many it is also known as the gateway to the Florida Keys. The City provides a free guided trolley ride from Historic Downtown Homestead to the Everglades and Biscayne National Parks, allowing residents, neighbors, and visitors to explore the parks. This ground-breaking project is the first of its kind to offer public transportation to two national parks. It is an expansion of the City's already successful local trolley service that experienced the following ridership in 2018:

- 61,609 riders on its downtown route
- 66,131 riders on its East/West route
- 5,116 riders on the National Park program

The City has continued its commitment to providing safe, attractive and enjoyable park facilities for its citizens to engage in active and passive recreational pursuits by implementing the City's Parks Master Plan. During 2018, the Parks Department completed the enhanced lighting at the Harris Field baseball fields, installed upgraded gym equipment at the Homestead Community Center and continued to move forward certain elements of the Losner Park expansion project.

During 2018, one of the major projects underway in the CRA is the redevelopment of Historic Downtown Homestead. Homestead Historic Downtown is listed on the National Register of Historic Places, and once served as the city center of the Homestead community. The CRA is committed to bringing back the energy, activity, development and prosperity of the downtown's early life, and is working to bring catalytic projects to the area. The three major projects in the Downtown that the CRA is heavily involved in are: the Homestead Station, a multimodal transit center, the Homestead Cybrary, a 22nd century library that merges modern technology with traditional library services, and the Losner Park Expansion that will transform a quaint pocket park into a world-class destination. In the planning phase of these projects, the CRA has completed cost studies, renderings and conceptual design for these projects. During 2018, the CRA Director along with other City staff attended the RECON event in Las Vegas, NV. Attendance at this conference gives the CRA the opportunity to build a network of potential investors and retailers interested in the area. The conference has led to a marked increase in interest and development in the CRA as a direct result of recruitment efforts at this conference. As part of Special Events sponsorship, once again the CRA joined the City of Homestead in honoring our troops partnering for the seventh annual Homestead Military Appreciation Day. The event gave citizens the opportunity to express appreciation to men and women from all military branches that put their lives on the line for our country. Downtown Homestead hosted military displays, an obstacle course competition, and an all day party with live music and food trucks. The CRA also sponsored the 34th Annual Martin Luther King, Jr. celebrations which included a traditional parade, and it also continued with its annual unique display of Christmas lights and decorations along SW 4th Avenue.

In addition to these projects, the CRA provided grant funding as follows:

- Six commercial enhancement grants were awarded to local businesses located in the CRA district.
- \$150,000 in total funding assistance to six Not-for-Profit organizations.
- The CRA supported Homestead's local theater through its not-for-profit grant program. Two performances were provided for free to not-for-profit organizations from the area as part of their Summer Programs which were funded in part by the CRA.
- One grant was awarded to fix a roof and install hurricane shutters through the residential home improvement grants, partially funded with Community Development Block Grant (CDBG) monies.

Funding for the CRA is expected to continue from the Tax Increment Funds provided by the City and Miami-Dade County.

In FY 2018, the Development Services Department welcomed and supported many new and expanding businesses. The Business Services Division licensed over 2,000 businesses including over 300 businesses that were new to the City of Homestead. The Division also provided consultation associated to process and procedures for opening a business, to an approximate 1,703 walk-in customers. The Planning and Zoning Division guided new businesses and developments through the review and approval process effectively and efficiently. During 2018, it administered 90 public hearing applications and numerous administrative applications, issued 40 zoning letters to customers and completed hundreds of zoning inquiries. The Building Safety Division provided support to residential and commercial customers. In FY 2018, the Division processed approximately 6,239 permits, reviewed 8,051 construction plans, conducted 24,999 inspections, and issued 302 Certificates of Occupancy. The Division also processed 40/10 year structural and electrical certifications for 70 existing commercial buildings. Assistance was provided to 13,526 walk-in customers at the Permit Service Center. The Department continues to review and refine aspects of the City's Land Development Code, and to assure that regulations are responsive to the current development climate of the community.

The Police Department accomplished a number of projects and initiatives during 2018. Highlights of these accomplishments included:

Administrative Division:

- Processed 17,069 incident/offense reports and crash reports
- Purchase and implementation of dual band radios
- Continued efforts on court overtime reduction program, and successfully reduced overtime for pre-file affidavits and juvenile court trials.
- Promotions included 1 Captain, 1 Lieutenant, and 2 Sergeants
- Added new and updated several standard operating procedures

Community Services Division:

- Processed 148 firearms impounded through ATF E-trace.
- Received and processed 2,731 pieces of evidence.
- Processed 14,442 reports
- Police Athletic League (PAL) has continued with youth programming.
- PAL held basketball skills and drills training for youth ages 6-14 old.
- Attended an educational leadership trip to Atlanta, GA with 8 Police Explorers.
- Police Explorers participated in a college tour of four major Florida universities
- Police Explorers; the Explorer Academy graduated 25 cadets
- Community Policing Program
 - Participated in 33 community events
 - Attended 43 community meetings

- Attended 81 presentations
- Participated in 41 saturation details

Special Patrol Division:

- 1,232 total crash investigations
- 7,506 citations and made 227 arrests

Investigative Services Division:

- SIU: the unit's proactive and aggressive policing of the street level narcotics problem has resulted in arrests that have forced street level dealers to move out of the City. During 2018, detectives made 183 drug-related arrests.
- GIU: received 14,442 reports/cases from Patrol, with 2,767 cases assigned to detectives and 425 cases cleared by arrest

Operations Division:

- Responded to approximately 112,198 calls for service
- 6 reserve officers were hired, bringing the total reserve officers to 25
- Numerous officers successfully completed various forms of training
- 2,851 new cases were processed
- 59 code liens were recorded

Additionally, the Police Department continued to provide needed social services to the community through the Start Off Smart (SOS) Program. Throughout the years, SOS has been successful in obtaining various forms of funding for various programs that serve children and families. In 2018, some of the services provided through SOS on an annual basis include the following:

- SOS provides food, clothing, bus passes, and furniture to struggling, low income families in the community.
- SOS annually provides support to over 1,600 families.
- Continued assistance is provided to domestic violence victims in the form of restraining orders for protection, re-location and financial assistance.

Other projects and events undertaken through the Police Department included the following:

- SOS, the EDGE Foundation, the City of Homestead, and the Community Policing Unit along with several local partners provided a fun day and toys to over 1,500 children.

Reaching a population of 50,000 in 2007 was a milestone that affords the City automatic appointment to the Board of the Metropolitan Planning Organization for the Miami Urbanized Area, (MPO). The MPO is responsible for guiding the transportation planning process and approving transportation projects for Miami-Dade County. The achievement also entitles the City to the Community Development Block Grant (CDBG) Entitlement Program. The CDBG Program is administered under the Finance Department. This funding source has provided the City over \$7.7 million between 2009 and 2018. Funding has provided assistance to not-for-profit organizations, and funded several City facility improvements that have benefited low income communities as well as stormwater, and wastewater infrastructure projects. The most significant CDBG project undertaken by the City was the construction of Wittkop Park. The project consisted of the installation of basketball courts, bathrooms, playground equipment, as well as trees and landscaping. The park opened in FY 2012. In 2013, the City was able to expand its assistance to non-for-profit agencies by providing public service grants. To date, 14 non-profit agencies have been funded which have introduced various programs in the community that have benefited low-income families. The projects ranged from emergency preparedness for senior citizens to swimming programs for children with disabilities. In 2014, the City once again expanded its services to the community by providing Housing Rehabilitation grant to low-income families. Grants of up to \$15,000 were made available to eligible low-income homeowners for home improvements. Over \$400,000 has been allocated towards this effort from its inception. The City expects to rehabilitate a total of 19 homes by the end of fiscal year 2019.

The Neighborhood Stabilization Program (NSP) was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. Through the purchase and redevelopment of foreclosed and abandoned homes, the goal of the program is being realized. The City used approximately \$2.6 million of the funds awarded through the program to purchase 15 foreclosed/abandoned homes and established financing mechanisms for potential homebuyers. Ten of the fifteen homes were sold to low income individuals and families. The five remaining homes that were previously deeded to a local not-for-profit organization were returned to the City and will be rehabilitated and sold to very low-income families by providing subsidies to eligible applicants. This program is also administered through the Finance Department.

In addition to the aforementioned programs administered by the Finance Department, the department received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for its FY 2018 Budget, and the Certificate of Excellence in Financial Reporting for its FY 2017 Comprehensive Annual Financial Report (CAFR). Throughout the year, the department participates in several seminars and webinars to insure staff is educated on the latest reporting requirements, and that anyone who is certified is able to maintain their required continuing professional education credits. Cross-training of staff is an ongoing process throughout the year, and serves to make the department more efficient. During 2017, the Finance Department was instrumental in the City's ability to issue the \$31.4 million Taxable Transportation System Revenue Bonds, Series 2017 to partially fund the construction of a parking garage/retail facility as part of the Homestead Station project.

During the year, the Electric Utility installed 342 new residential services, and 11 new commercial businesses. It installed or relocated over two miles of underground cable, it repaired 352 street lights, it constructed a back-up electrical control center to handle electrical control of the City should a catastrophic event take out the main control center, it purchased a new motor control center to upgrade the city's largest engine-generator sets (Unit #21), replaced and rehabilitated the remaining portions of the natural gas line, upgraded transmission relay switches and panels at the Lucy and McMinn electrical substations, placed a deposit on a parcel of land to be used as the site of a future electrical substation, and used drones to inspect the 30' – 50' tall poles on the 13.2 kilovolt distribution lines. The Utility also installed a new large power transformer on the growing east side of town providing further reliability gains through redundancy of the electrical grid and by providing sufficiency capacity for future electrical growth. During the year, it monitored the pilot program which installed "smart" meters and a meter collection system. After eight months of successful operation, it was decided to fully implement the system to streamline the collection of data and provide the functionality to afford customers the ability to remotely view their usage. The full deployment is planned for 2019. The Utility continued its commitment to energy efficiency by conducting 332 free residential energy surveys and 10 commercial surveys. It processed 15 rebates to customers who installed energy efficient systems. It signed up 32 customers to its surge blocker program, and it entered into net metering contracts with 26 residential customers who have installed solar power systems that feed back into the electrical grid. Finally, the Utility, in a continued effort to help keep prices low, manages day to day purchases of power under several purchase power agreements. The Utility also brought extremely cost effective participation in a large scale utility solar project to the City. During the year, the Utility responded to 354 incidents where customers reported electrical concerns.

During 2018, the Electric Utility maintained their RP3 (Reliable Public Power Provider) Platinum designation that they were awarded in FY 2016.

The Water and Wastewater Utility completed many projects during 2018; the most notable included the following:

- Televised 90,713 linear feet of pipe
- Cleaned 32,368 linear feet of sewer main lines
- Changed out 1,494 meters for 10 year old meter programs
- Installed 370 new meters for new water service accounts
- Ongoing construction of Pump Station 1
- Rehabilitation of Trenches #2 and #5
- SCADA system installed at Wittkop, Harris Field and Tennessee Pump Stations
- Completed several capital improvement projects including:
 - Infiltration and Inflow projects
 - Annual water main extension project

During 2018, the Solid Waste Department's most significant accomplishments included:

- Commercial Garbage – 21,569 tons collected
- Residential Garbage – 20,981 tons collected
- Bulk Trash – 12,738 tons collected
- Industrial Trash/Garbage roll-off and compactor – 9,591 tons collected

During FY 2018, the General Services Department's three divisions accomplished several projects. The Procurement Division continues to pursue Certified Public Purchasing Officer (CPPO) and Certified Professional Public Buyer (CPPB) certifications for their staff members, they continue to plan for the implementation of electronic bidding or e-procurement which will increase efficiency, improve quality and reduce costs, and plans also include the acquisition of a contract management software to replace the existing in-house program with enhanced features. The Fleet Management Division successfully managed the refurbishing of three existing solid waste vehicles, and upgraded the vehicle repair ordering system and record management is now fully electronic. Additionally, the fuel island capital improvement project was completed and all the fuel pump and fuel tank upgrades completed. The Information Technology Services Division (ITS) Department upgraded several software programs including Laserfische, for records and document management, and the Exchange Server for email communication to provide security and reliability. The upgrade completed of the City's mainframe also provides a more stable network connection which is vital to the day to day operation of every department. The ITS department also upgraded the check printing software by implementing a quicker and more cost effective option. This transition has created a better work flow and seamless processing of payroll and accounts payable check printing which has increased employee productivity. As part of the ITS training initiative, we will continue to provide additional courses throughout the year to include topics that will enhance staff skills to work with existing systems in an efficient and effective manner.

The Customer Service Department has made several changes to provide improved customer service while reducing costs of operations. During 2018, the department introduced a new online customer application system allowing customers to enter requests for various services while reducing the wait time to process applications. It also introduced remote turn on and turn offs as part of the automatic metering infrastructure pilot program, also reducing the wait time for customers requesting the services.

The City Clerk's office continues to pursue their goal for staff certifications as Municipal Clerks. During 2018 it successfully updated the 2019 election candidate qualifying handbook, it continues to collaborate with Miami-Dade County Elections to improve the voting process, and during the year it also provided the additional services:

- Processed 3,139 lien searches
- Provided responses to 631 public record requests

- Prepared 173 resolutions, ordinances and final orders for execution and recording

In 2018, the Public Information Office (PIO) continued an impressive six-year winning streak at the 2018 City-County Communications & Marketing Association's Savvy Awards competition. The annual competition recognizes cities and counties across the country for excellence in government transparency, information flow, and public outreach. The awards received were as follows:

- **Special Events—Best Use of Facebook**
 - *Award of Excellence*
 - **Hurricane Irma Crisis Communication**
- **Video – Education/Training**
 - *Silver Circle Award*
 - **Hitting the Road with Inside Homestead**
- **Video—Interview/Talk Show/News Programming**
 - *Silver Circle Award*
 - **Inside Homestead Interviews**
- **Video – One-Time Special**
 - *Award of Excellence*
 - **Hitting the Road with Inside Homestead**
- **Video—Promotional Video**
 - *Silver Circle Award*
 - **Hitting the Road with Inside Homestead**

Recent Events Impacting the City

On September 10, 2017, the City was impacted by Hurricane Irma, a powerful Category 4 hurricane. While the center of the hurricane did not pass through the City, significant wind and rain were experienced. There were downed trees, fences and signage throughout the City including tree debris blocking the roadways. Many residents and businesses lost electricity throughout the City. As of the date of this transmittal letter, the City has completed all power restoration efforts debris clearance and removal, and the minor damages to a few facilities have been mostly repaired. The City is currently in the process of compiling and submitting the financial information for reimbursements. Through FY 2018, hurricane-related costs were approximately \$10.4 million. Most of the costs are anticipated to be reimbursed from the Federal Emergency Management Agency (FEMA), with any ultimate costs to the City being paid from the City's hurricane fee reserves.

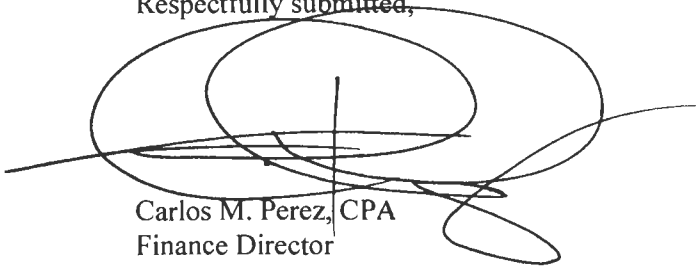
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Homestead for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2017. This was the fifteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. A special note of thanks and appreciation is also extended to our auditors, Marcum LLP, for their professional approach and high standards in the conduct of their independent audit of the City's financial records and transactions. Acknowledgements are also given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Homestead's finances. Their guidance and cooperation in planning and conducting the financial affairs of the City in a responsible and progressive manner is greatly appreciated.

Respectfully submitted,

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right. The signature is positioned above the printed name and title.

Carlos M. Perez, CPA
Finance Director



CITY OF HOMESTEAD, FLORIDA

CITY OFFICIALS

SEPTEMBER 30, 2018

COUNCIL – MANAGER FORM OF GOVERNMENT

CITY COUNCIL 2018

Jeffrey D. Porter, Mayor

Stephen R. Shelley, Vice Mayor

Jenifer N. Bailey

Jon Burgess

Patricia Fairclough

Elvis R. Maldonado

Larry Roth

CITY MANAGER

George Gretsas

CITY CLERK

Elizabeth Sewell, MPA, MMC

CITY ATTORNEY

Weiss Serota Helfman Cole & Bierman P.L.

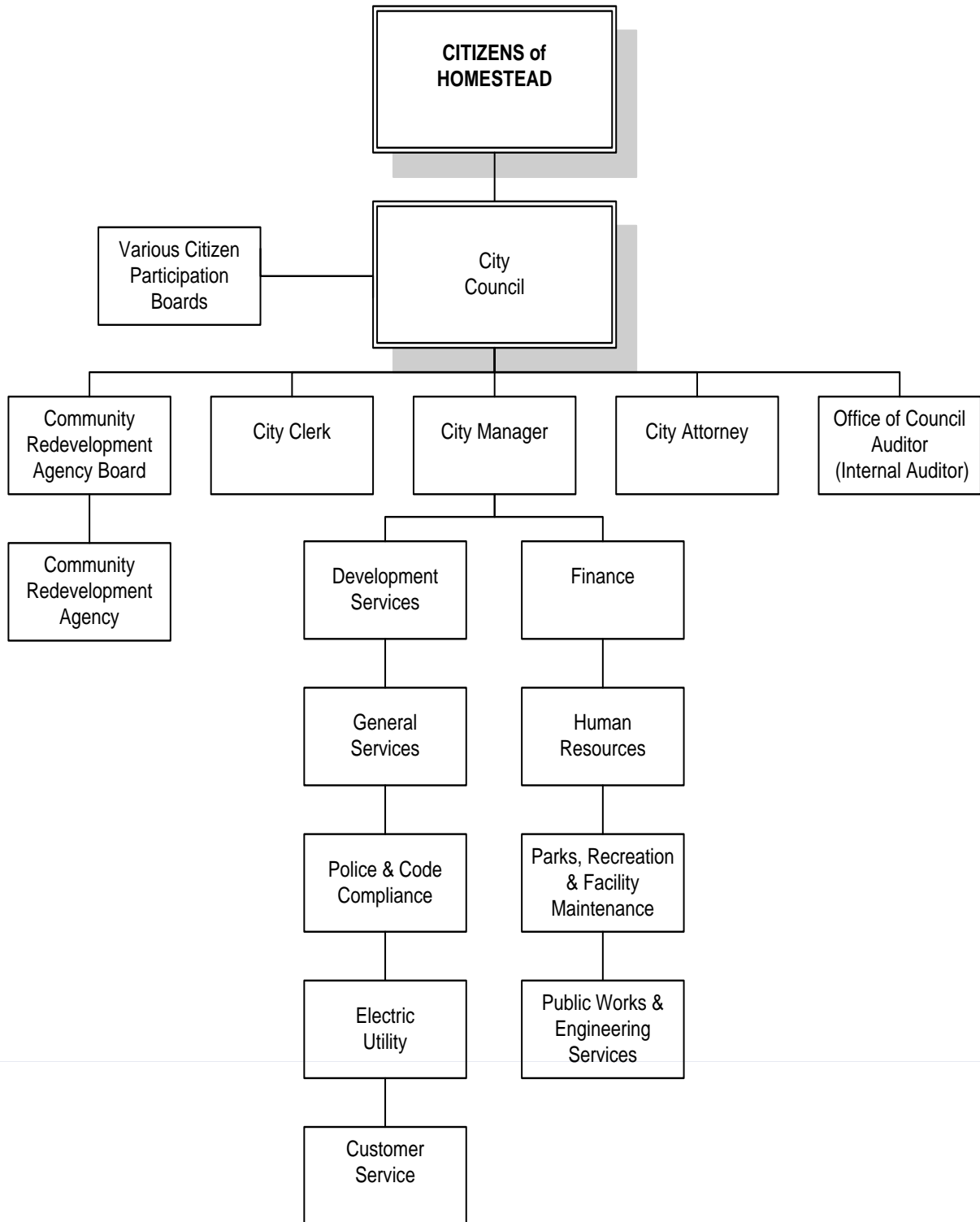
FINANCE DIRECTOR

Carlos M. Perez, CPA

INDEPENDENT AUDITORS

Marcum LLP

City of Homestead Organization Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Homestead
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO



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FINANCIAL SECTION

**INDEPENDENT
AUDITORS' REPORT**

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council and City Manager
City of Homestead, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Homestead, Florida, (the City), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pension Trust Funds, which represent 89%, 94% and 39%, respectively, of the assets, net position/fund balance and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Pension Trust Funds are based solely upon the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in total OPEB liability and related ratios, changes in net pension liability and related ratios, contributions and the budgetary comparison schedules on pages 4-24 and 133-146 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and the schedule of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General and the introductory and statistical sections are presented for additional purposes and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund statements and schedules and the schedule of expenditures of federal awards and state financial assistance, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
June 7, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Homestead (the City), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, we encourage readers to read it in conjunction with the Letter of Transmittal, beginning on page i and the City's financial statements, beginning on page 25 of this report. In this MD&A, all amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- At September 30, 2018, the government-wide assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$220,273 (*net position*), a decrease of \$14,948 or 6% from prior year.
- In FY 2018, the City arranged New Market Tax Credit ("NMTC") financing toward the construction of the parking garage project (the "Project") in downtown Homestead. The City formed Homestead Station QALICB, Inc. (the "QALICB"), a Florida nonprofit corporation, in connection with the purchase and development of the Project. QALICB is considered to be a special-purpose governmental entity engaged only in business-type activities with a fiscal year end of June 30. For FY 2018, the City's financial statements include QALICB's financial statements for the period from March 1, 2018 (inception) to June 30, 2018.
- During the current fiscal year, the City implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Implementation of this statement has resulted in a restatement of the fiscal year 2017 government-wide and proprietary fund net position (see Note 15 on page 132).
- At September 30, 2018, the City's governmental funds reported combined ending fund balance of \$73,626, an increase of \$6,897 from the prior year. The increase is mainly from a note receivable of \$10,766 for a leveraged loan the City made to COCFR Investor, LLC involving the NMTC transactions. Of the total fund balance, \$9,660 or 13% represents the *unassigned* fund balance, which is available for spending at the City's discretion.
- At fiscal year end, the General Fund total fund balance increased by \$7,882, from \$19,437 in FY 2017 to \$27,319 in FY 2018, which represents approximately 58% of total General Fund expenditures. Of this total fund balance, \$11,079 was *nonspendable* and represents prepaid costs and long-term notes receivable, \$100 has been *restricted* for fiber optic security, \$306 *restricted* for HUD section 108 loan security, \$4,959 has been *committed* for a required reserve, \$1,215 was *assigned* for subsequent year's budget and \$9,660 was *unassigned*.
- The City's total assets and deferred outflows of resources of \$405,056 reflect a net increase of \$9,848 from prior year. The City's total liabilities and deferred inflows of resources of \$184,783 reflect a net increase of \$24,796 during fiscal year 2018. Current liabilities decreased by \$3,073 or 11% while noncurrent liabilities increased by \$24,310 or 19%. The increase in both assets and noncurrent liabilities are mainly from the notes receivable and loan payable relating to the NMTC transactions for the construction of the parking garage.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements,
- 3) Notes to the financial statements.

This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The focus of the *government-wide financial statements* is on the overall financial position and activities of the City. Two government-wide statements are presented: *the statement of net position* and *the statement of activities*. These statements are designed to provide readers with a broad overview of the City's finances using the accrual basis of accounting in a manner similar to a private-sector business. The accrual basis of accounting recognizes increases or decreases in economic resources as soon as the underlying transaction takes place. Therefore, all of the current year's revenues and expenses are reported regardless of the timing of the related cash flows to acquire these assets or liquidate such liabilities.

The *Statement of Net Position* presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works and services, and parks and recreation. The business-type activities of the City include electric, water and sewer, solid waste, stormwater services and Homestead Station QALICB.

The government-wide financial statements include not only the City of Homestead (known as the *primary government*), but also legally separate entities (known as *component units*) for which the City is financially accountable. These blended *component units* are the Homestead Community Redevelopment Agency and the Homestead Station QALICB. In addition to the inclusion in the government-wide financial statements, more detailed information for the Homestead Station QALICB may be obtained from its separately issued financial statements.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements can be found on pages 25-27 of this report.

Fund Financial Statements

Unlike government-wide financial statements, the focus of the fund financial statements is directed to specific activities of the City rather than the City as a whole. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Government fund financial statements consist of a balance sheet and statement of revenues, expenditures, and changes in fund balances. However, unlike the government-wide financial statements, governmental fund financial statements are prepared using the modified accrual basis of accounting, which focuses on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. The statements provide a short-term view of the City's ability to finance its programs and near-term financing requirements, in contrast to the long-term view provided by the government-wide statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The governmental fund financial statements are presented on pages 28-31 of this report.

The City maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Homestead Community Redevelopment Agency Fund, the Impact Fees Fund, and the Multimodal Transit Center Fund, all of which are considered to be major funds. Data for the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is presented in the form of *combining* statements elsewhere in this report.

The City adopts an annual budget for its General Fund, the Homestead Community Redevelopment Agency Fund, the Impact Fees Fund, the Multimodal Transit Center Fund and twelve of the non-major governmental funds. Schedules of revenues, expenditures and changes in fund balance - budget and actual have been provided for these funds to demonstrate budgetary compliance. These schedules for the major governmental funds can be found on pages 133-136 and page 147 and the schedules of revenues, expenditures and changes in fund balance - budget and actual for the twelve non-major governmental funds can be found on pages 154-159 of this report.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Sundries Grant Fund and the Community Development Block Grant Fund do not have an annual adopted budget.

Proprietary funds. *Proprietary funds* are those funds where the City charges fees to customers for the use of specific goods or services. Proprietary fund financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds:

Enterprise funds are used to account for *business-type activities* that charge fees to customers for the use of specific goods or services. These funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City has six individual enterprise funds. The proprietary fund financial statements provide separate information for each of the four major funds, the Water and Sewer Utilities, the Electric Utility, the Solid Waste and Homestead Station QALICB. Data for the other two enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is presented in the form of *combining statements* elsewhere in this report.

Internal service funds are used to accumulate and allocate costs for goods and services provided internally among the City's various funds and functions. Any net increase or deficiency in net position in the internal service funds are allocated back to the different participating funds and functions. The City has five internal service funds, four of which are used to account for its fleet maintenance and self-insurance services. Because these services predominantly benefit governmental rather than business-type functions, they have been included as part of the governmental activities in the government-wide financial statements. The remaining internal service fund, the Customer Service Fund, predominantly serves enterprise funds; therefore, it has been included as part of the business-type activities in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary fund financial statements can be found on pages 32-34 of this report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. The City uses Fiduciary funds to account for its five pension plans. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own activities. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 35-36 of this report.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 37-132 of this report.

Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* such as budgetary comparison schedules between the City adopted and final budget and actual financial results for the General Fund, the Homestead Community Redevelopment Agency fund and the Impact Fee fund. Schedule of changes in net pension liability and related ratios, schedule of changes in total OPEB liability as well as schedule of City contribution for the City's five pension plans are also presented in this section.

Required supplementary information can be found on pages 133-146 of this report.

The combining and individual funds statements and schedules referred to earlier in connection with major and non-major governmental, enterprise, internal service and fiduciary funds are presented immediately following the required supplementary information.

Combining and individual funds statements and schedules can be found on pages 147-167 of this report.

Government-wide Overall Financial Analysis

Summary of Net Position

The difference between a government's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is its *net position*. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$220,273 at the close of fiscal year 2018 of which 86% was for governmental activities and 14% was for business-type activities.

A summary of government-wide net position and comparative balances between the current and last fiscal year is provided in the next page:

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Homestead Summary of Net Position September 30, 2018 and 2017

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 86,109	\$ 83,328	\$ 40,061	\$ 32,074	\$ 126,170	\$ 115,402
Capital assets	<u>223,019</u>	<u>232,780</u>	<u>38,772</u>	<u>30,806</u>	<u>261,791</u>	<u>263,586</u>
Total assets	<u>309,128</u>	<u>316,108</u>	<u>78,833</u>	<u>62,880</u>	<u>387,961</u>	<u>378,988</u>
Total deferred outflows of resources	<u>13,761</u>	<u>13,410</u>	<u>3,334</u>	<u>2,810</u>	<u>17,095</u>	<u>16,220</u>
Current and other liabilities	8,722	11,446	15,778	16,127	24,500	27,573
Noncurrent liabilities	<u>117,753</u>	<u>110,636</u>	<u>32,592</u>	<u>15,399</u>	<u>150,345</u>	<u>126,035</u>
Total liabilities	<u>126,475</u>	<u>122,082</u>	<u>48,370</u>	<u>31,526</u>	<u>174,845</u>	<u>153,608</u>
Total deferred inflows of resources	<u>7,364</u>	<u>4,179</u>	<u>2,574</u>	<u>2,200</u>	<u>9,938</u>	<u>6,379</u>
Net position:						
Net investment in capital assets	177,339	191,174	34,074	29,169	211,413	220,343
Restricted	17,404	13,992	716	553	18,120	14,545
Unrestricted	<u>(5,693)</u>	<u>(1,909)</u>	<u>(3,567)</u>	<u>2,242</u>	<u>(9,260)</u>	<u>333</u>
Total net position	<u>\$ 189,050</u>	<u>\$ 203,257</u>	<u>\$ 31,223</u>	<u>\$ 31,964</u>	<u>\$ 220,273</u>	<u>\$ 235,221</u>

The total net position of the City decreased \$14,948 or 6% from prior year. Net position of the governmental activities decreased \$14,207 or 7% from prior year. Business-type activities net position decreased \$741 or 2% from prior year.

By far, the largest portion of the City's net position reflects its *net investment in capital assets* (e.g., land, buildings, infrastructure, and utility plant and systems), net of accumulated depreciation, less any outstanding related debt and deferred inflows/outflows used to acquire the assets. The City uses those capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's net investment in capital assets for fiscal year 2018 had a balance of \$211,413 (96% of total net position.)

An additional portion of the City's net position is the *restricted net position* which represents resources that are subject to external restrictions on how they may be used. These resources have been set aside for capital projects, debt service payments and other contractual obligations. The City's restricted net position as of the end of fiscal year 2018 had a balance of \$18,120 (8% of total net position).

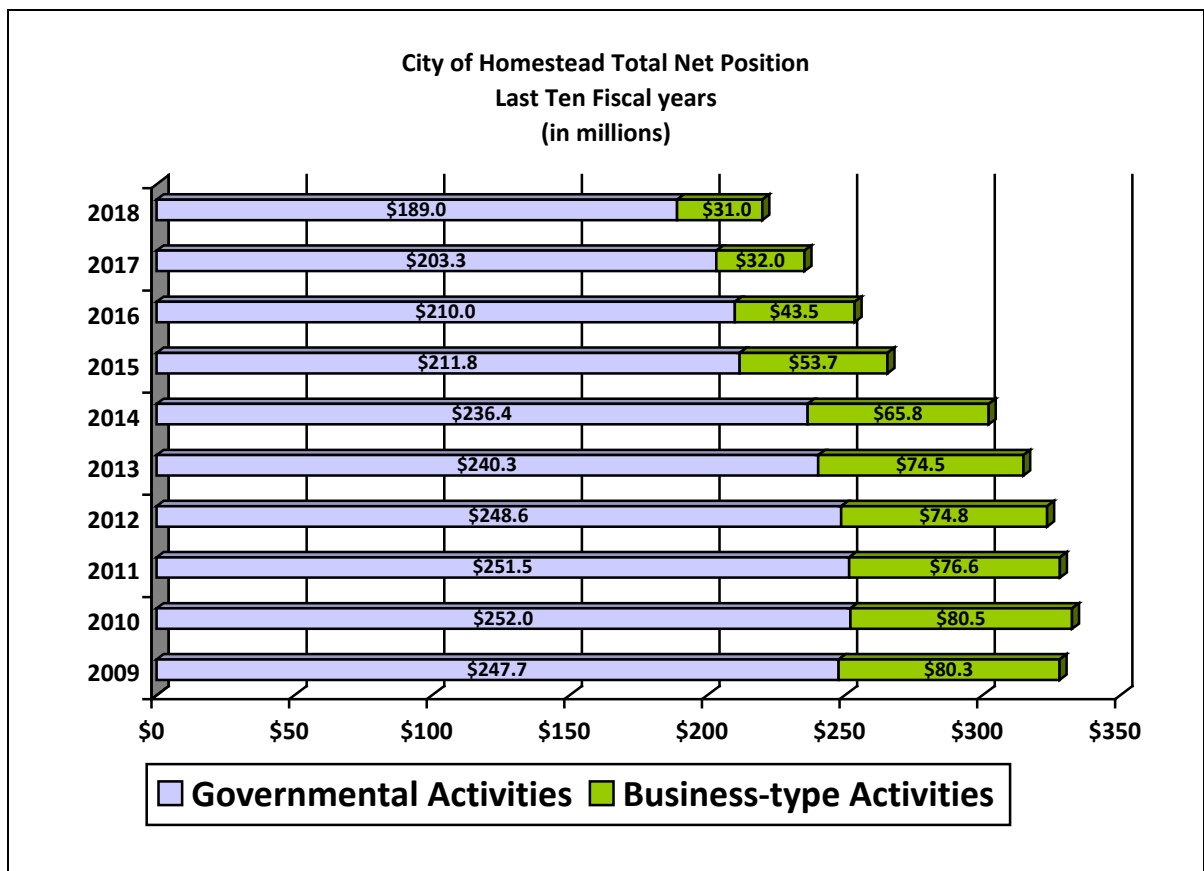
Unrestricted net position represents assets that may be used to meet the City's ongoing obligations to citizens and creditors. For FY 2018 the City reported a total negative unrestricted net position of \$9,260.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Unrestricted net position for governmental activities showed a (\$5,693) deficit and business-type activities showed a (\$3,567) deficit at the end of the fiscal year. This deficit does not mean that the City does not have the resources to pay its obligations next year. Rather, it is the result of having long-term commitments that are greater than the currently available resources. Unfunded long-term commitments include long-term debt (bonds and loans), equipment financing obligations, accrued liabilities for compensated absences, net pension liability, total OPEB liability and an estimated liability for claims and judgements.

The following chart displays the City's total net position over the last ten fiscal years.



Summary of Activities

The following page provides a comparative summary of the government-wide statement of activities for the current and prior fiscal year.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Homestead Summary of Changes in Net Position Fiscal years ended September 30, 2018 and 2017

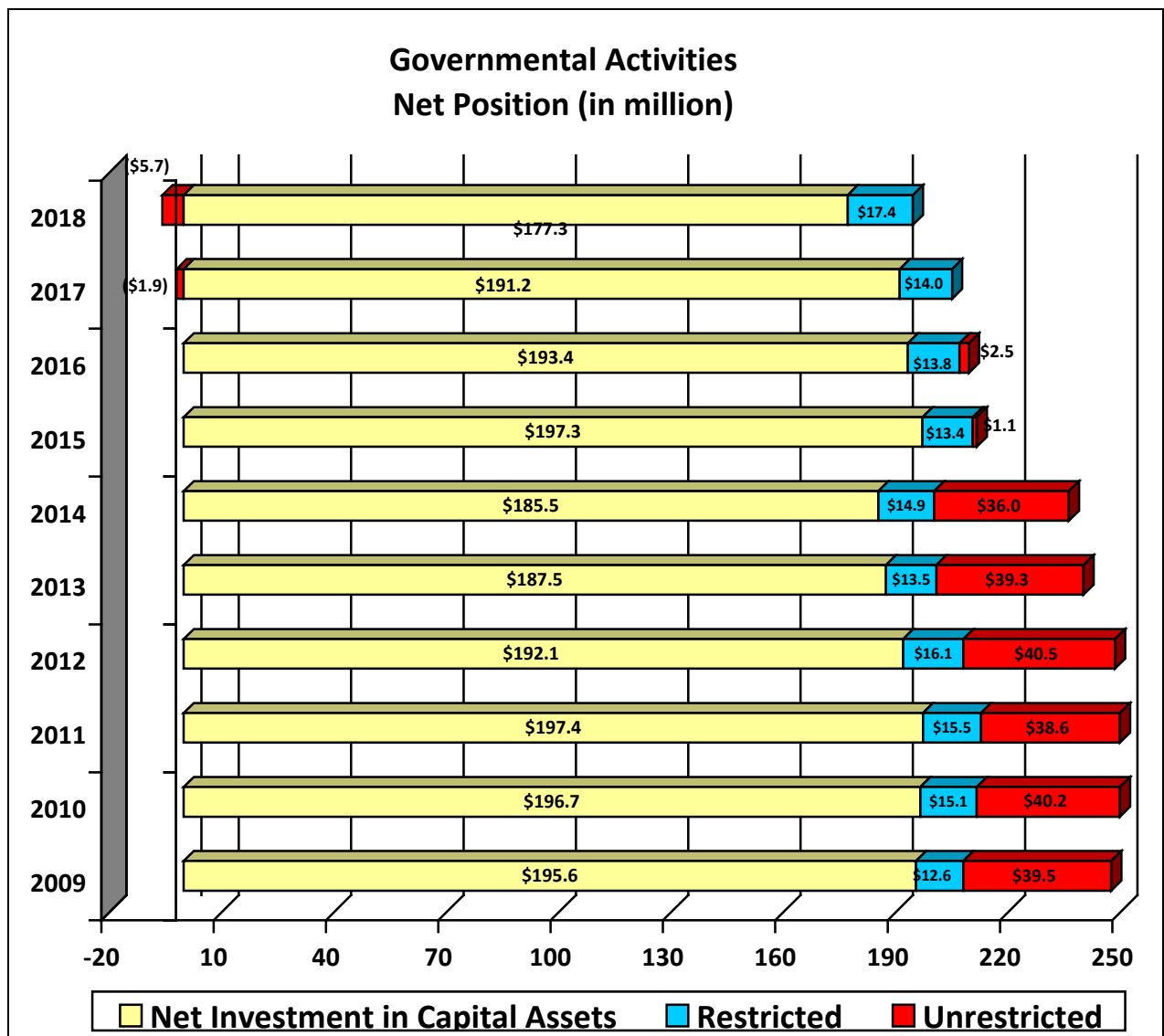
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 17,084	\$ 15,549	\$ 89,639	\$ 88,517	\$ 106,723	\$ 104,066
Operating grants and contributions	3,851	2,232	-	-	3,851	2,232
Capital grants and contributions	4,675	4,600	3,936	217	8,611	4,817
General revenues:						
Property taxes	17,284	15,571	-	-	17,284	15,571
Fuel taxes	1,309	1,223	-	-	1,309	1,223
Franchise fees on gross receipts	4,116	4,012	-	-	4,116	4,012
Utility taxes	1,492	1,532	-	-	1,492	1,532
Communication service taxes	1,518	1,525	-	-	1,518	1,525
Half cent sales taxes	5,632	5,281	-	-	5,632	5,281
Unrestricted intergovernmental	3,328	3,025	-	-	3,328	3,025
Payment in lieu of taxes	1,705	1,512	-	-	1,705	1,512
Other revenues	2,227	751	2,917	4,899	5,144	5,650
Unrestricted investment earnings	629	237	38	33	667	270
Total revenues	<u>64,850</u>	<u>57,050</u>	<u>96,530</u>	<u>93,666</u>	<u>161,380</u>	<u>150,716</u>
Expenses:						
General government	21,003	16,344	-	-	21,003	16,344
Public safety	31,399	31,278	-	-	31,399	31,278
Public works and services	5,082	5,259	-	-	5,082	5,259
Parks and recreation	8,832	8,627	-	-	8,832	8,627
Disaster relief	4,775	5,784	-	-	4,775	5,784
Interest on long-term debt	2,534	1,914	-	-	2,534	1,914
Unallocated depreciation	2,605	2,615	-	-	2,605	2,615
Water / Sewer utilities	-	-	18,328	19,569	18,328	19,569
Electric utility	-	-	63,632	63,979	63,632	63,979
Solid waste	-	-	12,619	12,151	12,619	12,151
Other enterprise	-	-	1,646	1,533	1,646	1,533
Homestead Station QALICB	-	-	950	-	950	-
Total expenses	<u>76,230</u>	<u>71,821</u>	<u>97,175</u>	<u>97,232</u>	<u>173,405</u>	<u>169,053</u>
Decrease in net position before transfers	(11,380)	(14,771)	(645)	(3,566)	(12,025)	(18,337)
Transfers	(746)	8,005	746	(8,005)	-	-
Increase (Decrease) in net position	(12,126)	(6,766)	101	(11,571)	(12,025)	(18,337)
Net position – beginning, as previously reported	203,257	210,023	31,964	43,535	235,221	253,558
Prior period adjustment	(2,081)	-	(842)	-	(2,923)	-
Net position – beginning as restated	<u>201,176</u>	<u>210,023</u>	<u>31,122</u>	<u>43,535</u>	<u>232,298</u>	<u>253,558</u>
Net position – ending	<u>\$ 189,050</u>	<u>\$ 203,257</u>	<u>\$ 31,223</u>	<u>\$ 31,964</u>	<u>\$ 220,273</u>	<u>\$ 235,221</u>

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities

Total net position of the City's governmental activities decreased by \$14,207 from \$203,257 in FY 2017 to \$189,050 in FY 2018, or 7%. Net investment in capital assets decreased by \$13,835 mostly from depreciation of new facilities. Restricted net position increased \$3,412 while unrestricted net position decreased \$3,784. Before transfers, governmental activities has a decrease in net position of \$11,380 due to disaster-related expenses as well as expenses from major capital projects.



CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Key elements of the City's governmental activities are as follows:

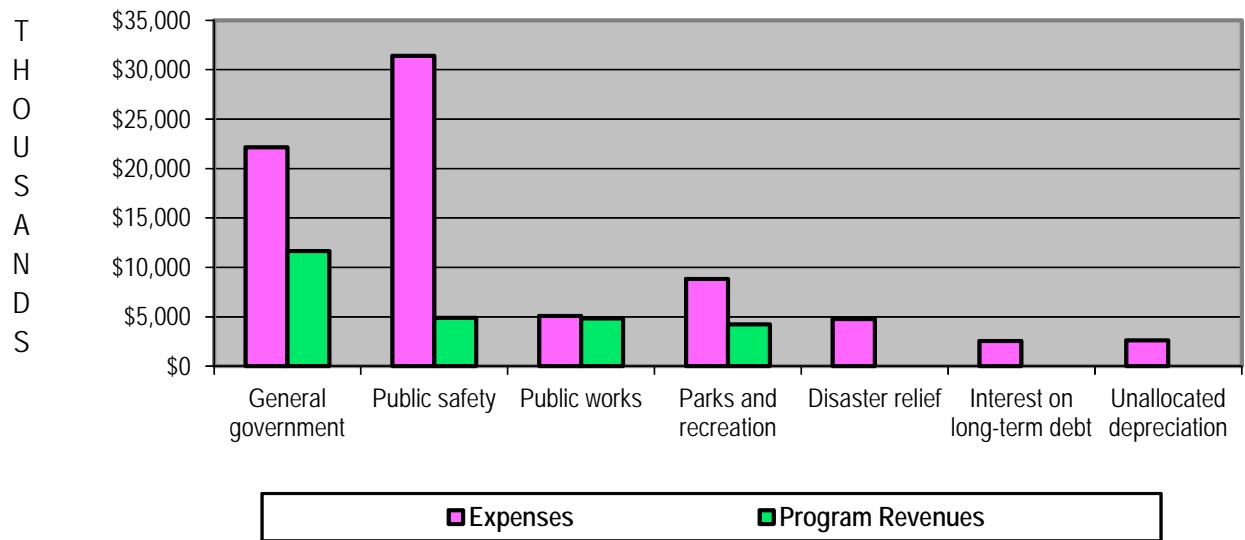
- Total charges for services increased by \$1,535 primarily due to increase in permit fee and increase in fines and forfeitures from unanticipated state seizures.
- Gross property taxable value for the City increased for a fifth straight year, from \$2.317 billion in 2017 to \$2.609 billion in 2018. The City chose to maintain its property tax millage rate at 5.9215 mills which is 0.4366 mills higher than the 2018 rolled back rate of 5.4849 mills. Total property tax revenues increased by \$1,713 from the increase in assessed property taxable value.
- Debt millage rate decreased slightly from 0.5934 mills in 2017 to 0.5575 mills in 2018 due to increase in assessed property taxable value.
- Other taxes (fuel taxes, franchise fees, utility taxes, communication service taxes and half cent sales taxes) increased by the total of \$494. Half cent sales taxes increased by \$351, a sign of improved economy.
- Other revenues increased \$1,476 mostly resulted from NMTC transactions.
- Unrestricted investment earnings increased \$392 due to the increase in interest rate.
- Total governmental activities expenses increased by \$4,409 from prior year. \$3,936 was for capital contributions from governmental activities to business-type activities and \$805 was NMTC related expenses.
- Interest on long-term debt increased by \$620 due to interest payments on the new Taxable Transportation System Revenue Bonds of \$31,440 issued at the end of September 2017.
- Transfers decreased by \$8,751 mostly from 1) The transfer in the amount of \$4,000 for budget stabilization support from the enterprise funds to the General Fund was eliminated since the General fund no longer needed support from the enterprise funds; and 2) The transfer in from enterprise funds to disaster relief fund decreased from \$4,000 in FY 2017 to \$300 in FY 2018. The General Fund also had a transfer to Homestead Station QALICB in the amount of \$1,150 in FY 2018.
- Governmental activities has a prior year adjustment of \$2,081 to beginning net position resulting from the implementation of GASB 75 of \$1,336 and utility service taxes adjustments from prior years of \$745.

CITY OF HOMESTEAD, FLORIDA

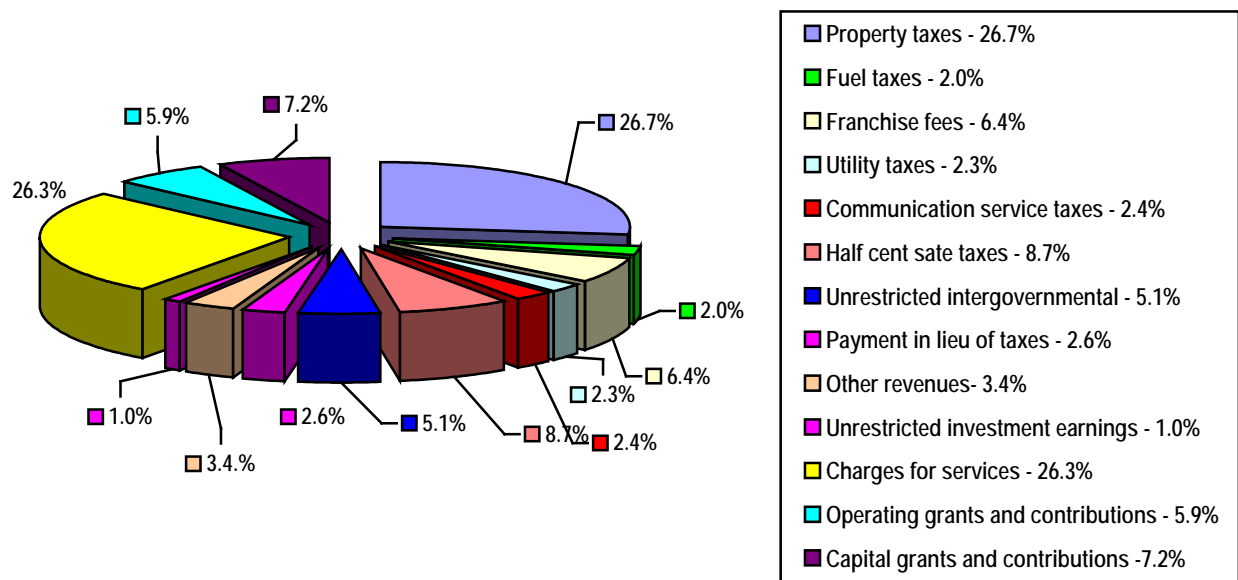
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following charts compare expenses and program revenues and revenue by sources for governmental activities for fiscal year 2018:

Governmental Activities - Expenses and Program Revenues



Governmental Activities – Revenues by Source

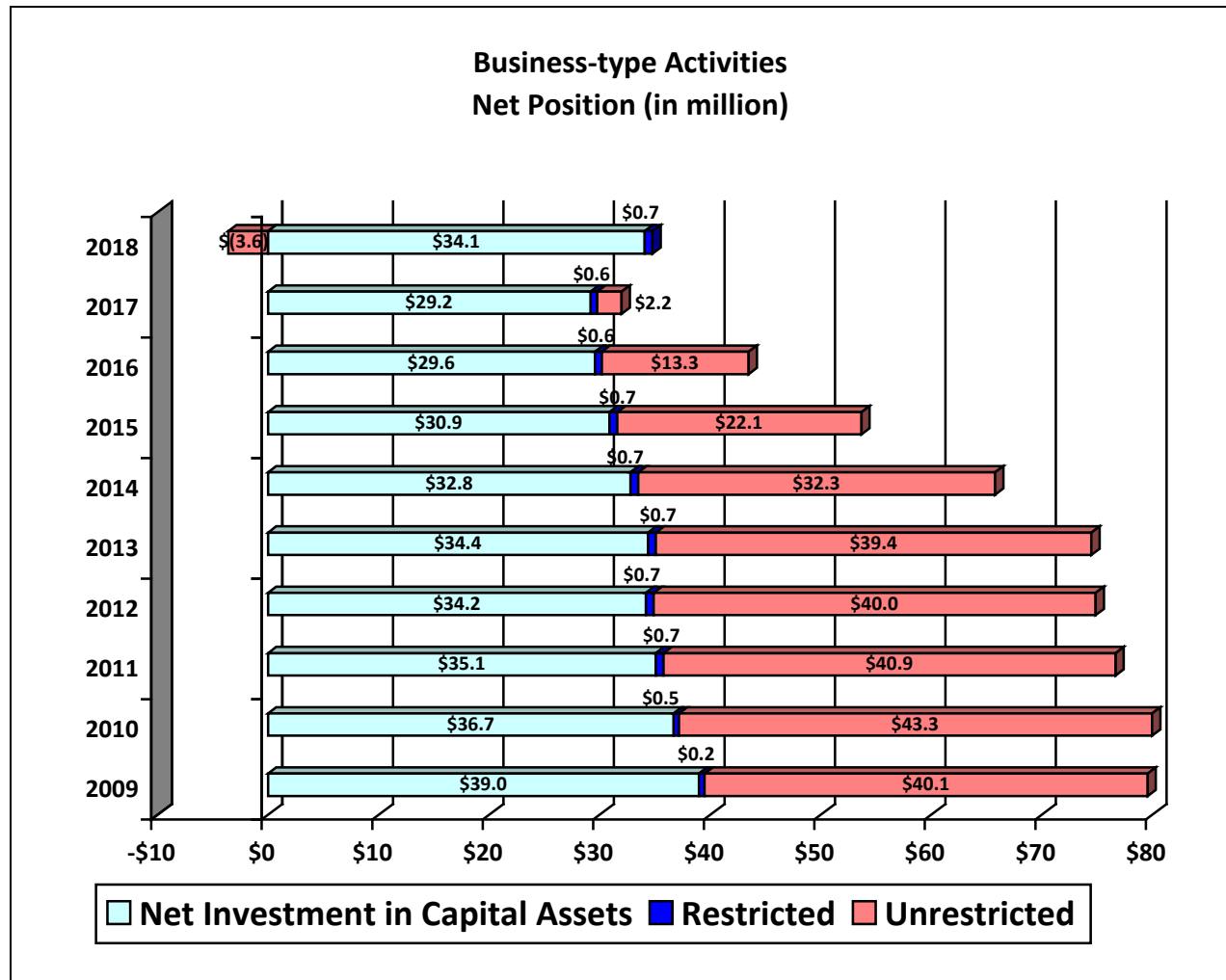


CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type activities

The City's net position of the business-type activities, which includes the customer service internal service fund and Homestead Station QALICB, decreased by \$741 from \$31,964 to \$31,223, or 2% from the prior year. Before transfer to governmental activities, business-type activities has a decrease in net position of \$645 mostly from Homestead Station QALICB.



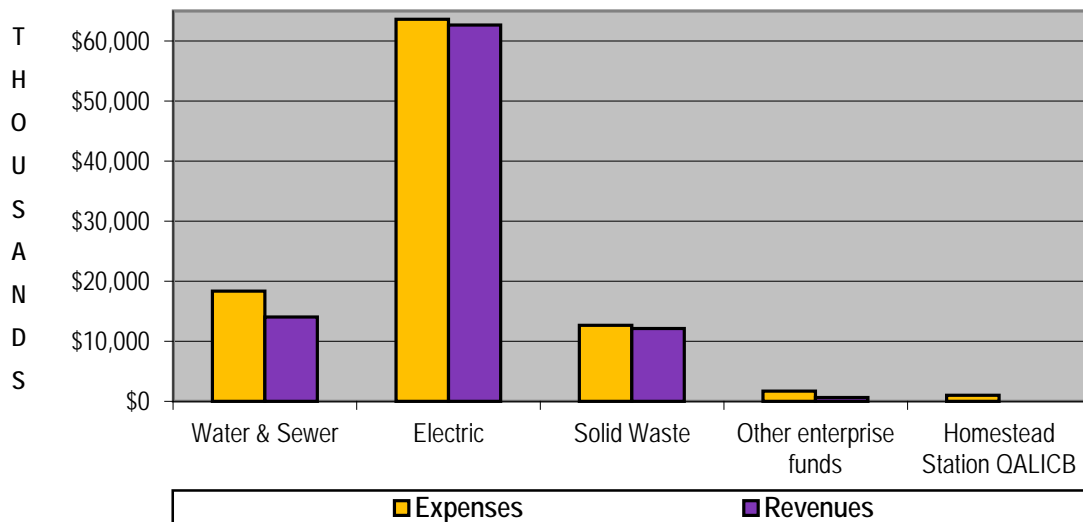
CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Key elements of the City's business-type activities for fiscal year 2018 are as follows:

- Overall charges for services increased by \$1,122 or 1.3% from the prior year. Electric Utility charge for services increased by \$1,575. Water and Sewer had an increase in charge for services of \$428 while stormwater charge for services decreased by \$765 resulting from an adjustment for a collection issue with a county agency.
- Capital grants and contributions totaled \$3,936. \$3,614 was for capital contributions from governmental activities to water & sewer utilities and \$322 to electric utility.
- Other revenues decreased by \$1,982. In FY2017 Solid waste recognized \$2,700 in hurricane fees from an escrow account, but only \$300 in FY 2018.
- Water & sewer expenses decreased by \$1,241 due from the decrease of \$1,392 in water purchases and sewer treatment charges.
- Total transfers decreased \$8,751 since the General Fund no longer needed budget stabilization support from the enterprise funds. The transfer to the Disaster Relief Fund also went down from \$4,000 in FY2017 to only \$300 in FY 2018. Also, governmental activities contributed \$1,150 to QALICB for NMTC related transaction.
- As of September 30, 2018 there have been no customer rate increases since fiscal year 2008.

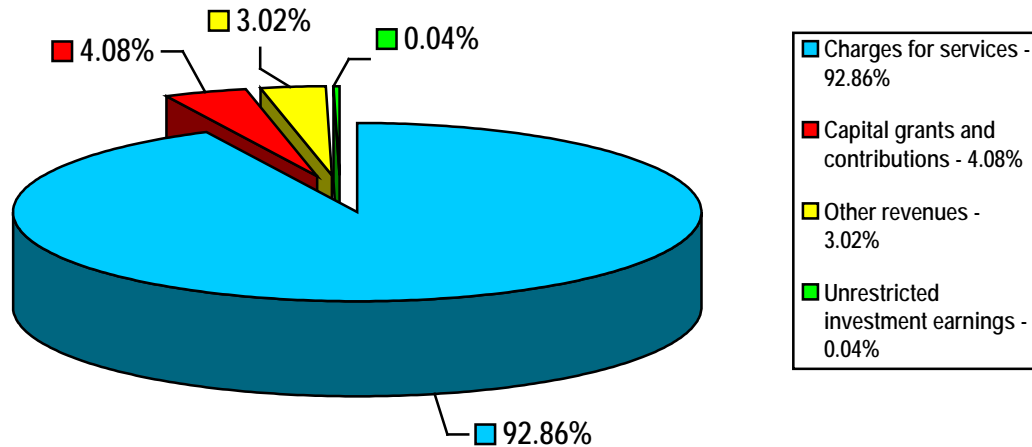
Business-type Activities – Expenses and Revenues



CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type Activities – Revenues by Source



Financial Analysis of the City of Homestead's Funds

As noted earlier, the City uses fund accounting to help ensure as well as demonstrate compliance with finance related legal requirements.

Governmental funds.

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending.

As of the end of fiscal year 2018, the City's governmental funds reported a total fund balance of \$73,626, a \$6,897 increase from prior year mostly from the note receivable of \$10,766 for leverage loan the City made to COCFR Investor, LLC as described earlier. Out of this amount, \$11,890 or 16% was in *nonspendable* which represents prepaid costs and the long-term note receivable. \$41,874 for 57% is *restricted* by third parties such as grantors, creditors, state statute or other governmental entities for specific type of expenditures. The City, through ordinances, has \$6,739, or 9%, in *committed* fund balance which includes: 1) *committed* fund balance in the amount of 10% of the amount of originally budgeted revenues of the general fund (\$4,959), and 2) *committed* fund balance to be used for specific purposes such as public art and transportation (\$1,780).

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City also has *assigned* \$3,463 or 5% of the fund balance to be used for parks and recreation, capital projects and expenditures for next fiscal year. *Unassigned* fund balance is the portion of fund balance that is available for spending at the City's discretion. \$9,660 or 13% of the governmental fund balance constitutes *unassigned* fund balance.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,660 while total fund balance was \$27,319. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 20% of total General Fund expenditures, while total fund balance represents 58% of that same amount. Last fiscal year, the General Fund's total fund balance was \$19,437.

Besides the General Fund, major governmental funds include the Homestead Community Redevelopment Agency, the Impact Fee Fund, and the Multimodal Transit Center Fund. The Homestead Community Redevelopment Agency's fund balance increased \$392, from \$1,232 in 2017 to \$1,624 in 2018, primarily due to the unspent monies earmarked for a major capital project. Impact Fees Fund balance increased by \$1,501 due to parks impact fees are being accumulated to fund a major park expansion.

As for other non-major governmental funds, Confiscated Property's fund balance increased by \$490 due to an increase in unanticipated state seizures.

Blended component unit - Homestead Community Redevelopment Agency (CRA): During fiscal year 2018 the CRA completed projects/activities included awarding of one residential grant and six commercial grants, support for six not-for-profit organizations, and also held three community events within the CRA area.

Activities/projects planned for fiscal year 2019 include support of the development of the Homestead Cybrary and the Multimodal Transit Center, blight removal project, Losner Park community events, not-for-profit grant programs and commercial and residential enhancement grant programs.

Proprietary funds.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. Proprietary funds account for services that are generally supported by user fees charged to customers. Proprietary fund statements, like government-wide statements, provide both short and long term financial information.

- During FY 2018, the City implemented a multi-faceted action plan for the Water & Sewer Utility rate increase that will provide increased operating revenues starting in fiscal year 2019. For fiscal year 2018, Water & Sewer Utility is reporting an operating loss of \$3,340. Total net position increased by \$247 due to contribution of capital assets from governmental activities of \$3,614. Unrestricted net position decreased from a negative \$2,311 in FY 2017 to a negative \$6,297 in FY 2018 resulting from yearly operating losses and the completion of a major capital project. While the ultimate goal of the rate increase is to eliminate the operating losses and negative unrestricted net position, the results to the net position will not be met in one year, but will instead be expected to take approximately 3 years to reach that goal.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Electric Utility reported an operating income of \$513 due to increase in revenues mostly as a result of decrease in bad debt expense. Transfer out decreased by \$6,264 since the budget stabilization of \$4,000 transfer to General fund was eliminated. There was also a \$1,300 transfer to disaster relief fund and a \$1,000 transfer to utilities repair, replacement and improvements fund in FY 2017 that did not occur in FY 2018. Total net position increased by \$1,534 while unrestricted net position increased by \$1,231, from a negative balance of \$922 in FY 2017 to a positive balance of \$309.
- Other enterprise funds were able to report a positive unrestricted net position of \$3,920 while reporting an operating loss of \$745 primarily from stormwater adjustments in FY 2018 for a collection issue with a county agency.
- As a result of implementation of GASB 75, the beginning balance of net position for all business-type activities had been restated, which lowered the beginning net position for proprietary funds by \$842.
- In summary, total net position for all proprietary funds decreased by \$741, from \$31,964 in fiscal year 2017 to \$31,223 in fiscal year 2018. The City's action plan implemented in FY 2018 is intended to generate annual revenues sufficient to meet all annual operating expenses and allow for a build-up of reserves for future capital assets.

Blended component unit - Homestead Station QALICB: As mentioned earlier, in FY 2018, the City formed Homestead Station QALICB, Inc. a Florida nonprofit corporation, in connection with the purchase and development of the parking garage project. QALICB is considered to be a special-purpose governmental entity engaged only in business-type activities with a fiscal year ended of June 30.

In FY 2018, the City's proprietary financial statements include QALICB's financial statements for the period from March 1, 2018 (inception) to June 30, 2018. QALICB reported a net position as of June 30, 2018 of \$200. More detail information for the Homestead Station QALICB may be obtained from its separately issued financial statements.

General Fund Budgetary Highlights

During fiscal year 2018, the City Council approved the total of \$18,500 in budget amendments to the General Fund to increase its projected revenues and expenditures to fund the following items:

- \$71 was for 2 new dispatchers for the police department;
- \$500 was to recognize a mitigation payment held in deferred revenues as revenue to be used for roadway improvements;
- \$5,100 was for the transfer out to disaster relief fund to fund the cost of Hurricane Irma expenses;
- \$12,829 was for NMTC transactions.

The General Fund budgetary comparison schedules can be found on pages 133-134 of this report.

Budgeted revenues compared to actual revenues. Actual General Fund revenues before transfers were \$2,114 higher than the final budgeted amount.

- Property taxes were \$127 higher than the budgeted amount due to delinquent taxes collected in current fiscal year.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Half cent sales taxes and intergovernmental revenues were \$410 and \$205 higher than the budgeted amount, indicating improvements in general economic conditions.
- Licenses and permits actual revenues were \$361 above the budgeted amount showing the increase in development within the City.
- Rental and other revenues had a \$1,021 positive variance which included a \$723 income from NMTC transactions.

Budgeted expenditures compared to actual expenditures. The General Fund's expenditures before transfers were \$3,742 lower than budgeted.

- General government showed a positive variance of \$1,970. All of the departments under general government reported positive variances. General administration had a \$977 positive variance mostly from unused contingency & unused management & consulting fees.
- Public safety had a positive variance of \$558 mostly savings from administrative fees for red-light cameras and other professional services.
- Parks & recreation was \$416 under budget primarily from a savings in landscaping contract services and in wages and benefits due to vacancies.
- In summary, the overall positive variances in general fund expenditures are primarily attributes to the efficiencies of operations, tighter budget constraints and careful management of the City's finances.

Capital Asset and Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of September 30, 2018 amounted to \$261,791 (net of accumulated depreciation), or 1% decrease from previous year. Major capital asset events that occurred during the fiscal year include the following:

- Completed full interior renovations at the Phichol William building for \$510, funded by parks impact fees.
- Purchased new gym equipment for the community center for \$68, funded by parks impact fees.
- Completed dispatch room and exterior lighting at the new police building for \$118 and \$149 respectively, funded by the proceeds from the 2014 GO bonds.
- Installed new lawn sprinkler system and median improvements for \$205, funded by the General Fund.
- Street and sidewalk replacements and improvements totaling \$162 were funded by the General Fund, and People's Transportation Plan Fund.
- Completed baseball light upgrades at Harris Field Park for \$272, funded by parks impact fees.
- Installed new marquee sign for Seminole Theatre for \$99, funded by a grant and the General Fund.
- Purchased new UPS system and new CP voice communication equipment for the police for the total of \$185, funded by police impact fees.
- Purchased a new audio/visual package and rigging equipment for Seminole Theatre for the total of \$400, funded by a grant.
- Items funded through equipment financings during FY 2018 include: lighting upgrade package for 13 police vehicles for the total of \$150, 2 vehicles for parks for \$57 and the new IBM computer hardware for IT for \$103.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Governmental citywide construction-in-progress projects at fiscal year end 2018 totaled \$5,062. These included projects such as Losner Park expansion, the downtown Multimodal Transit Center project, Sun Trail Biscayne Greenway project and Cybrary project. Most of the projects are funded by grants, impact fees, CDBG, People's Transportation Plan fund except for the Multimodal Transit Center construction which is funded by the proceeds from the Taxable Transportation System Revenue Bonds, series 2017.
- Electric Utility put a deposit on a new substation land for \$60, bought a new bucket truck for \$196, gas line replacement and rehabilitation for \$172, upgrade of several generators for \$232 and completed several new underground and overhead projects for \$550. Major construction-in-progress at year end included various underground constructions for \$1,833, meter data collection system for \$503 and new relay line replacements for \$112.
- Water and Sewer purchased a new truck for \$63, a cargo van for \$36, completed SCADA telemetry and sampling station projects for \$236 and \$46, completed several annual capital projects such as upgrades of various pump stations for \$140 and annual trench rehabs for \$185. Construction-in-progress at fiscal year-end included the construction of Pump Station One in the amount of \$2,636 and telemetry \$350.
- Construction-in-progress at fiscal year-end for Homestead Station QALICB amounted to \$4,732.
- Solid Waste bought a garbage trucks for \$260.
- Depreciation expense totaled \$12,012 and \$5,184 for governmental activities and business-type activities, respectively.
- During the year, governmental activities had the total of \$4,446 transferred from construction in progress: to building & improvements for \$510 (Phichol William building renovation); and \$3,936 was contributed to business-type activities. For business-type activities, \$1,578 was transferred from construction in progress to utility, plant and systems.

The following chart provides a condensed schedule of government-wide capital assets with comparative balances between the current and last fiscal year.

City of Homestead Capital Assets (Net of Accumulated Depreciation) September 30, 2018 and 2017

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 47,212	\$ 47,205	\$ 1,267	\$ 1,267	\$ 48,479	\$ 48,472
Land improvements	208	218	-	-	208	218
Buildings and improvements	109,471	112,863	-	-	109,471	112,863
Other improvements	13,066	14,998	-	-	13,066	14,998
Furniture, fixtures and equipment	6,639	7,613	-	-	6,639	7,613
Artworks	3	3	-	-	3	3
Infrastructure	41,358	43,963	-	-	41,358	43,963
Utility plant and systems	-	-	27,028	25,897	27,028	25,897
Construction in progress	<u>5,062</u>	<u>5,917</u>	<u>10,477</u>	<u>3,642</u>	<u>15,539</u>	<u>9,559</u>
	<u>\$ 223,019</u>	<u>\$ 232,780</u>	<u>\$ 38,772</u>	<u>\$ 30,806</u>	<u>\$ 261,791</u>	<u>\$ 263,586</u>

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional information on capital assets can be found in Note 7 on pages 63-64 of this report.

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt and loans outstanding of \$94,552. The City's bonded debt represents bonds secured by specific revenue sources. Of this amount, \$24.1 million was for General Obligation Bonds, Series 2014, and \$30.6 million was for Taxable Transportation System Revenue Bonds, Series 2017. Total governmental bonded debt and loan payable amounted to \$77,835 and business-type activities amounted to \$16,717.

The City's total debt increased \$25,327 during the current fiscal year. Governmental's debt increased by \$10,207 as a result of NMTC Bridge Loan of \$12,829 as discussed earlier. Business-type activities' debt increased by \$15,120 due to the QALICB notes payable of \$15,615 (another NMTC related transaction). The difference was due to principal payments made during FY 2018 on other debts.

Under Florida Statutes, no debt limit margin is placed on local governments. In December 2018, S&P affirmed an A+ rating on the City's general obligation bonds and increased the rating for the City's taxable transportation system revenue bonds from A to A+. The City also has an Aa3 rating on its general obligation bonds and A1 on its taxable transportation system revenue bonds from Moody's from August 2017.

The following chart provides information on the City's outstanding long-term debt with comparative balances between the current and last fiscal year.

City of Homestead Bonded Debt and Loan payable September 30, 2018 and 2017

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General Obligation Bonds, Series 2014	\$ 22,575	\$ 23,040	\$ -	\$ -	\$ 22,575	\$ 23,040
Plus: Unamortized Bonds Premium	<u>1,508</u>	<u>1,566</u>	<u>-</u>	<u>-</u>	<u>1,508</u>	<u>1,566</u>
Total General Obligation Bonds	24,083	24,606	-	-	24,083	24,606
Taxable Transportation System Revenue Bonds, Series 2017	30,575	31,440	-	-	30,575	31,440
Taxable Special Obligation Refunding Bonds, Series 2003	600	1,150	-	-	600	1,150
HERO Tax Increment Revenue Refunding Bonds, 2003	568	853	-	-	568	853
Derivative instrument - Interest rate swap	9	43	-	-	9	43
New City Hall \$10M Loan	9,180	9,579	-	-	9,180	9,579
New Market Tax Credit (NMTC) Bridge Loan	12,829	-	-	-	12,829	-
Electric Utility Bond 2004	-	-	1,102	1,597	1,102	1,597
Homestead Station QALICB Notes payable	<u>-</u>	<u>-</u>	<u>15,615</u>	<u>-</u>	<u>15,615</u>	<u>-</u>
	<u>\$ 77,844</u>	<u>\$ 67,671</u>	<u>\$ 16,717</u>	<u>\$ 1,597</u>	<u>\$ 94,561</u>	<u>\$ 69,268</u>

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional information on long-term debt and long-term liabilities can be found in Note 8 on pages 65-79 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's budget philosophy which was established by the City Council included: no operating millage rate increase, no reduction in City services and no layoffs. This budget philosophy was used as a guide for the City's 2019 Budget.

- The City's 2019 original adopted budget reflects anticipated revenues and expenditures of \$181,784.
- The 2019 budget provides funding for all capital improvement projects estimated at \$9,216.
- For 2019, the General Fund required reserve is \$4,792 or 10% of the 2019 adopted budgeted amount of General Fund revenues of \$47,918.
- The City's taxable property values increased for a sixth consecutive year after four prior years of decline. From \$2.609 billion for fiscal year 2018 to \$2.858 billion for fiscal year 2019, an increase of 9.54%; an indication that the housing market is on the rebound.
- For fiscal 2019, the City chose to maintain its operating millage rate at 5.9215 mills, which is 0.3715 higher than its 2019 rolled back rate of 5.500 mills. The millage rate has remained the same since fiscal year 2014.
- The City lowered its debt millage rate for the general obligation bonds for fiscal 2019 to 0.5300 mills from 0.5575 mills in FY 2018.
- For fiscal year 2019, the General Fund balanced the budget without the use of reserves for the first time since FY 2009 when the City's property value was at an all-time high at \$3.96 billion. The City was able to balance the General Fund budget without using fund balance or budget stabilization transfer from the enterprise funds while maintaining the same operating millage rate.
- Due to recurring annual operating losses for the Water & Sewer utilities, mostly from the increased pass thru charges from the County, for FY 2019 budget the City increased the water & sewer rates for the first time since FY 2008.
- The City did not increase the electric, stormwater, or solid waste utility rates for the 2019 fiscal year.
- According to U.S. Department of Labor, Bureau of Labor Statistics, the City's total population increased from 73,627 in 2017 to 73,863 in 2018. The unemployment rate for the City decreased from 6.1% in 2017 to 4.1% in 2018, a positive sign that the economy has begun to grow.
- General economic conditions both globally and in our state have required the City to closely monitor revenue and expenditure trends during the current year. Economic conditions can reflect a declining, stable or growing environment and has a substantial impact on property assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees and consumption. Like many local governments across the country, the City is working to strike the delicate balance of maintaining service levels to its citizens while keeping taxes and service charges as low as possible.
- Overall, an adopted budget is an economical and prudent financial plan that will ensure quality public services and needed capital improvements for all residents, both today and in the future. As preparation begins on the 2020 budget, the City's focus will be on revenue enhancements and expenditure containment as well as carefully monitoring the Florida legislature's initiatives and their future impact on the City's ability to function at its present level.

CITY OF HOMESTEAD, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Additional information is also available on the City's website at www.cityofhomestead.com. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

**Carlos M. Perez, CPA
Finance Director
City of Homestead
100 Civic Court
Homestead, Florida 33030**



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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF HOMESTEAD, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 3,230,081	\$ 11,900,302	\$ 15,130,383
Investments	26,132,677	2,457,148	28,589,825
Receivables, net	7,032,611	19,465,076	26,497,687
Internal balances	11,229,367	(6,515,000)	4,714,367
Prepaid costs	1,049,079	158,637	1,207,716
Note receivable	10,841,000	-	10,841,000
Inventories	151,442	3,418,674	3,570,116
Deferred power cost adjustment	-	883,291	883,291
Restricted assets:			
Cash and cash equivalents	2,235,627	8,271,942	10,507,569
Investments	23,212,436	20,476	23,232,912
Total current assets	<u>85,114,320</u>	<u>40,060,546</u>	<u>125,174,866</u>
Non-current Assets:			
Net pension asset	187,005	-	187,005
Asset available for sale	807,346	-	807,346
Capital assets not being depreciated	52,277,105	11,743,835	64,020,940
Capital assets being depreciated, net	170,742,422	27,027,951	197,770,373
Total noncurrent assets	<u>224,013,878</u>	<u>38,771,786</u>	<u>262,785,664</u>
TOTAL ASSETS	<u>309,128,198</u>	<u>78,832,332</u>	<u>387,960,530</u>
DEFERRED OUTFLOWS OF RESOURCES			
Fair value of derivative instruments	8,641	-	8,641
Deferred outflows for pensions	13,718,628	3,312,079	17,030,707
Deferred outflows for OPEB	34,478	21,740	56,218
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>13,761,747</u>	<u>3,333,819</u>	<u>17,095,566</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	5,891,179	10,655,684	16,546,863
Unearned revenue	1,569,793	23,310	1,593,103
Other liabilities	678,372	-	678,372
Liabilities payable from restricted assets:			
Customer deposits	-	5,096,739	5,096,739
Current accrued interest payable	582,345	2,233	584,578
Total current liabilities	<u>\$ 8,721,689</u>	<u>\$ 15,777,966</u>	<u>\$ 24,499,655</u>

(Continued)

CITY OF HOMESTEAD, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

(Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES (continued):			
Non-current liabilities:			
Due within one year :			
Compensated absences	\$ 764,719	\$ 461,804	\$ 1,226,523
Equipment financing	846,835	262,993	1,109,828
Other long-term liabilities	-	490,000	490,000
Bonds and loans	2,481,820	687,424	3,169,244
Claims and judgements	893,730	-	893,730
Due in more than one year:			
Compensated absences	1,784,345	1,077,543	2,861,888
Equipment financing	2,345,960	1,391,609	3,737,569
Other long-term liabilities	-	490,000	490,000
Bonds and loans	75,361,918	16,030,063	91,391,981
Net pension liability	21,913,159	6,248,616	28,161,775
Total OPEB liability	8,646,252	5,451,656	14,097,908
Claims and judgements	<u>2,714,617</u>	<u>-</u>	<u>2,714,617</u>
Total non-current liabilities	<u>117,753,355</u>	<u>32,591,708</u>	<u>150,345,063</u>
TOTAL LIABILITIES	<u>126,475,044</u>	<u>48,369,674</u>	<u>174,844,718</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows for pensions	6,842,949	2,245,036	9,087,985
Deferred inflows for OPEB	<u>521,410</u>	<u>328,760</u>	<u>850,170</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,364,359</u>	<u>2,573,796</u>	<u>9,938,155</u>
NET POSITION			
Net investment in capital assets	177,339,023	34,074,210	211,413,233
Restricted :			
Community redevelopment	1,617,889	-	1,617,889
Fiber optic security	100,000	-	100,000
HUD section 108 loan security	306,000	-	306,000
Grants	560,524	-	560,524
Community development	738,545	-	738,545
Diasater relief	13,803	-	13,803
Parks and recreation	7,334,454	-	7,334,454
Law enforcement	1,816,323	-	1,816,323
Road improvements	636,262	-	636,262
Debt service	2,326,352	715,800	3,042,152
Transit & Transportation	1,953,909	-	1,953,909
Unrestricted	<u>(5,692,542)</u>	<u>(3,567,329)</u>	<u>(9,259,871)</u>
TOTAL NET POSITION	<u>\$ 189,050,542</u>	<u>\$ 31,222,681</u>	<u>\$ 220,273,223</u>

See notes to basic financial statements.

CITY OF HOMESTEAD, FLORIDA

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 21,003,043	\$ 11,114,484	\$ -	\$ 531,278	\$ (9,357,281)	\$ -	\$ (9,357,281)
Public safety	31,399,222	2,725,547	2,183,833	-	(26,489,842)	-	(26,489,842)
Public works and services	5,082,373	116,645	562,729	4,143,649	(259,350)	-	(259,350)
Parks and recreation	8,831,440	3,127,406	1,104,119	-	(4,599,915)	-	(4,599,915)
Disaster relief	4,774,725	-	-	-	(4,774,725)	-	(4,774,725)
Interest on long-term debt	2,533,914	-	-	-	(2,533,914)	-	(2,533,914)
Unallocated depreciation	2,605,333	-	-	-	(2,605,333)	-	(2,605,333)
Total governmental activities	<u>76,230,050</u>	<u>17,084,082</u>	<u>3,850,681</u>	<u>4,674,927</u>	<u>(50,620,360)</u>	<u>-</u>	<u>(50,620,360)</u>
Business-type activities:							
Water & sewer	18,327,873	14,001,983	-	3,613,714	-	(712,176)	(712,176)
Electric utility	63,631,753	62,652,734	-	322,658	-	(656,361)	(656,361)
Solid waste	12,618,609	12,082,839	-	-	-	(535,770)	(535,770)
Stormwater utility	1,646,534	901,505	-	-	-	(745,029)	(745,029)
Homestead station QALICB	949,837	-	-	-	-	(949,837)	(949,837)
Total business-type activities	<u>97,174,606</u>	<u>89,639,061</u>	<u>-</u>	<u>3,936,372</u>	<u>-</u>	<u>(3,599,173)</u>	<u>(3,599,173)</u>
Total	<u>\$ 173,404,656</u>	<u>\$ 106,723,143</u>	<u>\$ 3,850,681</u>	<u>\$ 8,611,299</u>	<u>(50,620,360)</u>	<u>(3,599,173)</u>	<u>(54,219,533)</u>
General revenues:							
Property taxes					17,284,317	-	17,284,317
Fuel taxes					1,309,021	-	1,309,021
Franchise fees					4,115,956	-	4,115,956
Utility taxes					1,491,902	-	1,491,902
Communication service taxes					1,518,228	-	1,518,228
Half cent sales taxes					5,631,661	-	5,631,661
Unrestricted intergovernmental revenue					3,328,071	-	3,328,071
Payment in lieu of taxes					1,704,671	-	1,704,671
Other revenues					2,226,906	2,916,645	5,143,551
Unrestricted investment earnings					628,804	37,928	666,732
Transfers					(745,500)	745,500	-
Total general revenues and transfers					<u>38,494,037</u>	<u>3,700,073</u>	<u>42,194,110</u>
Change in net position					(12,126,323)	100,900	(12,025,423)
Net position, beginning as originally stated					203,257,368	31,964,118	235,221,486
Prior period adjustment (see note 15)					(2,080,503)	(842,337)	(2,922,840)
Net position, beginning as restated					<u>201,176,865</u>	<u>31,121,781</u>	<u>232,298,646</u>
Net position, ending					<u>\$ 189,050,542</u>	<u>\$ 31,222,681</u>	<u>\$ 220,273,223</u>

See notes to basic financial statements.

CITY OF HOMESTEAD, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

		<u>Special Revenue</u>		<u>Capital Project</u>		
		Homestead Community Redevelopment		Multimodal Transit Center		Other Governmental Funds
	<u>General</u>	<u>Agency</u>	<u>Impact Fees</u>	<u>Transit Center</u>	<u>Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 170,848	\$ 105,484	\$ 609,584	\$ -	\$ 2,303,171	\$ 3,189,087
Investments	14,109,169	962,966	10,377,064	-	683,478	26,132,677
Interest receivable on investments	52,804	3,579	34,475	-	4,839	95,697
Account receivables, net	2,661,617	462	-	-	4,260,259	6,922,338
Due from other funds	7,163,168	600,000	-	4,714,367	1,760,000	14,237,535
Prepaid costs	237,950	6,699	795,030	-	9,400	1,049,079
Notes receivable	10,841,000	-	-	-	-	10,841,000
Restricted assets:						
Cash and cash equivalents	122,740	-	-	313,256	1,799,631	2,235,627
Investments	100,000	-	-	21,173,850	1,938,586	23,212,436
Asset available for sale	-	-	-	-	807,346	807,346
Total Assets	<u>\$ 35,459,296</u>	<u>\$ 1,679,190</u>	<u>\$ 11,816,153</u>	<u>\$ 26,201,473</u>	<u>\$ 13,566,710</u>	<u>\$ 88,722,822</u>
LIABILITIES:						
Accounts payable and accrued liabilities	\$ 2,470,690	\$ 54,602	\$ 224,603	\$ 1,577,814	\$ 1,172,476	\$ 5,500,185
Due to other funds	4,714,367	-	-	668,801	1,965,000	7,348,168
Unearned revenue	432,712	-	-	-	1,137,081	1,569,793
Other liabilities	<u>522,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,250</u>	<u>678,372</u>
Total liabilities	<u>8,139,891</u>	<u>54,602</u>	<u>224,603</u>	<u>2,246,615</u>	<u>4,430,807</u>	<u>15,096,518</u>
FUND BALANCES						
<i>Nonspendable :</i>						
Prepaid costs	237,950	6,699	795,030	-	9,400	1,049,079
Long-term notes receivable	10,841,000	-	-	-	-	10,841,000
<i>Restricted :</i>						
Community redevelopment	-	1,617,889	-	-	-	1,617,889
Fiber optic security	100,000	-	-	-	-	100,000
HUD section 108 loan security	306,000	-	-	-	-	306,000
Grants	-	-	-	-	560,524	560,524
Community development	-	-	-	-	738,545	738,545
Disaster relief	-	-	-	-	13,803	13,803
Parks and recreation	-	-	7,334,454	-	-	7,334,454
Law enforcement	-	-	1,045,590	-	770,733	1,816,323
Road improvements	-	-	636,262	-	-	636,262
General obligation bonds debt service	-	-	-	-	142,717	142,717
HERO tax increment revenue refunding bonds debt service	-	-	-	-	737,622	737,622
Taxable transportation system revenue bonds debt service	-	-	-	-	449,841	449,841
Special obligation refunding bonds debt service	-	-	-	-	996,172	996,172
Multimodal transit center construction	-	-	-	23,954,858	-	23,954,858
New police building construction	-	-	-	-	137,290	137,290
Cybrary construction from HUD section 108 loan	-	-	-	-	378,242	378,242
Transit and transportation	-	-	-	-	1,953,909	1,953,909
<i>Committed :</i>						
Required reserve	4,958,948	-	-	-	-	4,958,948
Public Art	-	-	1,489,868	-	-	1,489,868
Transportation	-	-	290,346	-	-	290,346
<i>Assigned :</i>						
Parks and recreation	-	-	-	-	686,075	686,075
Capital projects	-	-	-	-	1,561,030	1,561,030
Appropriation of subsequent year's budget	1,215,667	-	-	-	-	1,215,667
<i>Unassigned :</i>						
General fund	<u>9,659,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,659,840</u>
Total fund balances	<u>27,319,405</u>	<u>1,624,588</u>	<u>11,591,550</u>	<u>23,954,858</u>	<u>9,135,903</u>	<u>73,626,304</u>
Total liabilities and fund balances	<u>\$ 35,459,296</u>	<u>\$ 1,679,190</u>	<u>\$ 11,816,153</u>	<u>\$ 26,201,473</u>	<u>\$ 13,566,710</u>	<u>\$ 88,722,822</u>

See notes to basic financial statements.

CITY OF HOMESTEAD, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Fund balance - total governmental funds (Page 28)		\$ 73,626,304
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (excluding internal service funds) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		222,905,862
Net pension assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.		187,005
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds (excluding internal service funds).		
Derivative instruments Interest rate swaps	8,641	
Accrued interest payable on long-term debt	(582,345)	
Bonds and loan payable	(77,843,738)	
Compensated absences	(2,475,403)	
Equipment financing payable	(3,191,306)	
Net pension liability	(21,586,587)	
Total OPEB liability	<u>(8,368,461)</u>	
Total long-term liabilities		(114,039,199)
Deferred outflows / inflows of resources related to pensions (excluding internal service funds):		
Deferred outflows for OPEB	33,371	
Deferred outflows for pensions	13,545,889	
Deferred inflows for OPEB	(504,657)	
Deferred inflows for pensions	<u>(6,725,617)</u>	
Total deferred outflows/inflows of resources		6,348,986
The internal service funds are used by management to charge the costs of fleet management and other self-insurance funds to other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		<u>21,584</u>
Net position of governmental activities (Page 26)		<u>\$ 189,050,542</u>

CITY OF HOMESTEAD, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2018

		<u>Special Revenue</u>		<u>Capital Project</u>		
		Homestead Community Redevelopment		Multimodal	Other Governmental	Total Governmental
	<u>General</u>	<u>Agency</u>	<u>Impact Fees</u>	<u>Transit center</u>	<u>Funds</u>	<u>Funds</u>
Revenues:						
Property taxes	\$ 13,411,689	\$ -	\$ -	\$ -	\$ 1,393,318	\$ 14,805,007
Fuel taxes	1,309,021	-	-	-	-	1,309,021
Franchise fees	4,115,956	-	-	-	-	4,115,956
Utility taxes	1,491,902	-	-	-	-	1,491,902
Communication service taxes	1,518,228	-	-	-	-	1,518,228
Half cent sales taxes	5,631,661	-	-	-	-	5,631,661
Licenses and permits	2,975,987	-	-	-	-	2,975,987
Intergovernmental	3,988,233	2,479,310	2,775,973	-	7,865,446	17,108,962
Charges for services	1,281,639	-	-	-	-	1,281,639
Fines and forfeitures	705,810	-	-	-	1,456,943	2,162,753
Interest income	159,833	11,568	91,683	347,613	18,107	628,804
Payments in lieu of taxes	1,704,671	-	-	-	-	1,704,671
Rentals and other revenues	8,985,170	13,720	-	-	1,086,241	10,085,131
Total revenues	<u>47,279,800</u>	<u>2,504,598</u>	<u>2,867,656</u>	<u>347,613</u>	<u>11,820,055</u>	<u>64,819,722</u>
Expenditures:						
Current:						
General government	13,003,529	1,417,400	-	-	919,196	15,340,125
Public safety	27,113,831	267,246	228,253	-	2,098,636	29,707,966
Public works and services	1,294,494	147,942	1,339	669,286	1,104,648	3,217,709
Parks and recreation	4,352,643	-	99,565	-	756,421	5,208,629
Disaster relief	-	-	-	-	4,774,725	4,774,725
Capital outlay	772,270	45,797	1,369,497	436,401	3,712,133	6,336,098
Debt service:						
Principal	399,200	-	-	-	2,358,203	2,757,403
Interest and fiscal charges	322,169	-	-	1,100	2,015,996	2,339,265
Total expenditures	<u>47,258,136</u>	<u>1,878,385</u>	<u>1,698,654</u>	<u>1,106,787</u>	<u>17,739,958</u>	<u>69,681,920</u>
Excess (deficiency) of revenues over expenditures	<u>21,664</u>	<u>626,213</u>	<u>1,169,002</u>	<u>(759,174)</u>	<u>(5,919,903)</u>	<u>(4,862,198)</u>
Other financing sources (uses):						
Issuance of debt (HUD section 108 loan)	-	-	-	-	194,000	194,000
Issuance of debt (equipment financing)	226,008	-	-	-	-	226,008
Issuance of other long-term debt	12,829,100	-	-	-	-	12,829,100
Transfers in	2,970,332	93,500	332,181	287,834	9,323,048	13,006,895
Transfers out	(6,270,482)	(327,500)	-	(3,921,616)	(2,082,797)	(12,602,395)
Transfer to Homestead Station QALICB (NMTC)	(1,150,000)	-	-	-	-	(1,150,000)
Total other financing sources (uses)	<u>8,604,958</u>	<u>(234,000)</u>	<u>332,181</u>	<u>(3,633,782)</u>	<u>7,434,251</u>	<u>12,503,608</u>
Net change in fund balances	8,626,622	392,213	1,501,183	(4,392,956)	1,514,348	7,641,410
Fund balances, beginning as originally stated	19,437,354	1,232,375	10,090,367	28,347,814	7,621,555	66,729,465
Prior period adjustment (note 15)	(744,571)	-	-	-	-	(744,571)
Fund balances, beginning as restated	<u>18,692,783</u>	<u>1,232,375</u>	<u>10,090,367</u>	<u>28,347,814</u>	<u>7,621,555</u>	<u>65,984,894</u>
Fund balances, ending	<u>\$ 27,319,405</u>	<u>\$ 1,624,588</u>	<u>\$ 11,591,550</u>	<u>\$ 23,954,858</u>	<u>\$ 9,135,903</u>	<u>\$ 73,626,304</u>

See notes to basic financial statements.

CITY OF HOMESTEAD, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (Page 30)	\$	7,641,410
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Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

The details of the difference are as follows:

Capital outlay	6,086,927	
Depreciation expense (excluding depreciation on internal service funds)	(11,900,408)	
Net adjustment		(5,813,481)

The net effect of various miscellaneous transactions involving asset available for sale (sales trade-ins, and donations) decreased net position.		(3,936,372)
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The net effect of OPEB deferred outflows/ inflows		(471,286)
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The net effect of pension deferred outflows/ inflows and retirement contribution expenses		(2,786,523)
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

The details of the difference are as follows:

New Market Tax Credit (NMTC) bridge loan	(12,829,100)	
Equipment financing obligation	(226,008)	
Principal payments:		
General obligation bonds	465,000	
Taxable transportation system revenue bonds, series 2017	865,000	
Special refinancing bonds	550,000	
HERO Increment revenue bonds	284,203	
\$10M New City Hall loan	399,200	
Equipment financing	1,188,686	
Amortization of bond premium	58,120	
Total Adjustment		(9,244,899)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

The details of the difference are as follows:

Compensated absences	12,078	
Change in net pension assets	187,005	
Changes in net pension liability	2,858,930	
Change in total OPEB liability	(349,921)	
Effect of accrued interest on long-term debt (difference between amount that would have been accrued in prior year and current year accrual)	(252,769)	
Total Adjustment		2,455,323

The internal service funds are used by management to charge the costs of fleet management and other self-insurance funds to other funds. The net revenue of certain internal service funds is reported with governmental activities.

29,505

Change in net position of governmental activities (Page 27)	\$	(12,126,323)
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CITY OF HOMESTEAD, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2018

	Business-type Activities Enterprise Funds						
	Water and Sewer	Electric Utility	Solid Waste	Other Enterprise Funds	Homestead Station QALICB (1)	Total Enterprise Funds	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 10,251	\$ 82,552	\$ 519,965	\$ 119,337	\$ 11,166,094	\$ 11,898,199	\$ 43,097
Investments	29,917	-	243,226	2,184,005	-	2,457,148	-
Interest receivable	1,226	3,049	904	8,116	-	13,295	-
Account receivables, net	2,996,882	13,739,035	2,092,427	623,437	-	19,451,781	14,576
Due from other funds	-	-	-	1,600,000	-	1,600,000	5,950,000
Prepaid costs	-	158,637	-	-	-	158,637	-
Inventories	-	3,418,674	-	-	-	3,418,674	151,442
Deferred power cost adjustment	-	883,291	-	-	-	883,291	-
Restricted Assets:							
Cash and cash equivalents	1,898,590	4,965,807	569,045	-	838,500	8,271,942	-
Investments	-	20,476	-	-	-	20,476	-
Total current assets	4,936,866	23,271,521	3,425,567	4,534,895	12,004,594	48,173,443	6,159,115
Noncurrent assets:							
Capital assets not being depreciated	3,179,411	3,832,558	-	-	4,731,866	11,743,835	-
Capital assets being depreciated, net	8,161,050	16,960,590	1,348,381	446,205	-	26,916,226	225,390
Total noncurrent assets	11,340,461	20,793,148	1,348,381	446,205	4,731,866	38,660,061	225,390
Total assets	16,277,327	44,064,669	4,773,948	4,981,100	16,736,460	86,833,504	6,384,505
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows for pension	608,881	1,477,087	832,311	94,764	-	3,013,043	471,775
Deferred outflows for OPEB	4,847	6,923	4,708	1,523	-	18,001	4,846
Total deferred outflows of resources	613,728	1,484,010	837,019	96,287	-	3,031,044	476,621
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	2,497,308	6,664,229	399,997	29,808	919,064	10,510,406	536,272
Due to other funds	3,300,000	6,425,000	-	-	-	9,725,000	-
Compensated absences	95,398	225,570	113,693	9,870	-	444,531	39,371
Unearned revenue	-	-	23,310	-	-	23,310	-
Current portion of equipment financing	132,189	52,936	71,433	364	-	256,922	7,560
Current portion of other long-term liabilities	490,000	-	-	-	-	490,000	-
Claims and judgements	-	-	-	-	-	-	893,730
Liabilities payable from restricted assets:							
Customer deposits	1,059,084	4,013,830	23,825	-	-	5,096,739	-
Accrued interest payable	-	-	-	-	2,233	2,233	-
Current portion of bonds payable	-	687,424	-	-	-	687,424	-
Total current liabilities	7,573,979	18,068,989	632,258	40,042	921,297	27,236,565	1,476,933
Non-current liabilities:							
Compensated absences	222,593	526,329	265,284	23,030	-	1,037,236	91,870
Equipment financing	708,623	208,438	474,548	-	-	1,391,609	-
Other long-term liabilities	490,000	-	-	-	-	490,000	-
Notes payable	-	-	-	-	15,615,000	15,615,000	-
Bonds payable	-	415,063	-	-	-	415,063	-
Net pension liability	1,151,119	2,779,478	1,573,522	179,156	-	5,683,275	891,913
Total OPEB liability	1,215,336	1,736,197	1,180,614	381,963	-	4,514,110	1,215,337
Claims and judgements	-	-	-	-	-	-	2,714,617
Total non-current liabilities	3,787,671	5,665,505	3,493,968	584,149	15,615,000	29,146,293	4,913,737
Total liabilities	11,361,650	23,734,494	4,126,226	624,191	16,536,297	56,382,858	6,390,670
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows for pensions	413,580	998,627	565,342	64,368	-	2,041,917	320,451
Deferred inflows for OPEB	73,290	104,701	71,197	23,034	-	272,222	73,291
Total deferred inflows of resources	486,870	1,103,328	636,539	87,402	-	2,314,139	393,742
NET POSITION							
Net investment in capital assets	11,339,155	19,685,940	1,347,620	445,841	1,150,000	33,968,556	217,830
Restricted :							
Debt service	-	715,800	-	-	-	715,800	-
Unrestricted	(6,296,620)	309,117	(499,418)	3,919,953	(949,837)	(3,516,805)	(141,116)
Total Net Position	\$ 5,042,535	\$ 20,710,857	\$ 848,202	\$ 4,365,794	\$ 200,163	31,167,551	\$ 76,714
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						55,130	
Net position of business-type activities						\$ 31,222,681	

(1) Homestead Station QALICB fiscal year end is June 30, 2018.

CITY OF HOMESTEAD, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities Enterprise Funds						Internal Service Funds
	Water and Sewer	Electric Utility	Solid Waste	Other Enterprise Funds	Homestead Station QALICB (1)	Total Enterprise Funds	
Operating revenues:							
Charges for services	\$ 14,001,983	\$ 62,494,000	\$ 12,082,839	\$ 901,505	\$ -	\$ 89,480,327	\$ 19,753,259
Other revenues	965,622	1,577,684	373,339	-	-	2,916,645	67,920
Total operating revenues	14,967,605	64,071,684	12,456,178	901,505	-	92,396,972	19,821,179
Operating expenses:							
Personnel services	3,502,459	7,645,912	4,206,198	902,849	-	16,257,418	2,893,220
Administration	-	-	-	-	-	-	1,070,291
Purchased power	-	40,123,935	-	-	-	40,123,935	-
Insurance and claims	-	-	-	-	-	-	11,086,145
Other operating expenses	13,126,629	12,838,025	8,003,936	645,456	140,920	34,754,966	4,422,885
Depreciation	1,678,578	2,951,035	408,355	98,215	-	5,136,183	160,101
Total expenses	18,307,666	63,558,907	12,618,489	1,646,520	140,920	96,272,502	19,632,642
Operating income (loss)	(3,340,061)	512,777	(162,311)	(745,015)	(140,920)	(3,875,530)	188,537
Non-operating revenues (expenses):							
Debt issuance costs	-	-	-	-	(808,917)	(808,917)	-
Interest income	-	7,414	8,948	21,566	-	37,928	-
Interest expense	(20,207)	(72,846)	(120)	(14)	-	(93,187)	(298)
Total non-operating revenues (expenses)	(20,207)	(65,432)	8,828	21,552	(808,917)	(864,176)	(298)
Income (loss) before contributions and transfers	(3,360,268)	447,345	(153,483)	(723,463)	(949,837)	(4,739,706)	188,239
Contribution of capital assets	3,613,714	322,658	-	-	-	3,936,372	-
Transfers in	6,929	800,000	182,000	-	-	988,929	-
Transfer from City of Homestead	-	-	-	-	1,150,000	1,150,000	-
Transfers out	(12,874)	(35,621)	(323,821)	(995,366)	-	(1,367,682)	(25,747)
Total contribution and transfers	3,607,769	1,087,037	(141,821)	(995,366)	1,150,000	4,707,619	(25,747)
Change in net position	247,501	1,534,382	(295,304)	(1,718,829)	200,163	(32,087)	162,492
Net position, beginning as originally stated	4,982,815	19,444,733	1,325,925	6,143,640	-	-	102,005
Prior period adjustment (note 15)	(187,781)	(268,258)	(182,419)	(59,017)	-	-	(187,783)
Net position, beginning as restated	4,795,034	19,176,475	1,143,506	6,084,623	-	-	(85,778)
Net position, ending	\$ 5,042,535	\$ 20,710,857	\$ 848,202	\$ 4,365,794	\$ 200,163		\$ 76,714
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						132,987	
Change in net position of business-type activities						\$ 100,900	

(1) Homestead Station QALICB fiscal year end is June 30, 2018.

CITY OF HOMESTEAD, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities Enterprise Funds						Internal Service Funds
	Water and Sewer	Electric Utility	Solid Waste	Other Enterprise Funds	Homestead Station QALICB (1)	Total Enterprise Funds	
Cash flows from operating activities:							
Cash received from customers	\$ 15,602,588	\$ 64,680,030	\$ 13,034,316	\$ 722,097	\$ -	\$ 94,039,031	\$ -
Cash received from/(to) other funds	280,846	(1,651,749)	(4,008,768)	1,250,000	-	(4,129,671)	20,271,179
Cash payments to suppliers.	(12,627,065)	(53,305,322)	(8,053,072)	(631,381)	(140,920)	(74,757,760)	(17,378,416)
Cash payments to employees	(3,565,668)	(7,556,164)	(4,277,515)	(872,301)	-	(16,271,648)	(2,918,543)
Net cash provided by (used in) operating activities	(309,299)	2,166,795	(3,305,039)	468,415	(140,920)	(1,120,048)	(25,780)
Cash flows from noncapital financing activities:							
Transfers from other funds	6,929	800,000	182,000	-	-	988,929	-
Transfers to other funds	(12,874)	(35,621)	(323,821)	(995,366)	-	(1,367,682)	(25,747)
Net cash provided by (used in) noncapital financing activities	(5,945)	764,379	(141,821)	(995,366)	-	(378,753)	(25,747)
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(1,267,888)	(1,739,449)	277,764	(31,201)	(2,660,569)	(5,421,343)	(180,908)
Cash paid for debt issuance costs	-	-	-	-	(808,917)	(808,917)	-
Proceeds from notes payable	-	-	-	-	15,615,000	15,615,000	-
Principal paid on long term debt	(492,579)	(504,326)	(1,501)	(718)	(999,124)	(999,124)	(14,920)
Interest paid on long term debt	(20,207)	(72,846)	(120)	(14)	-	(93,187)	(298)
Net cash provided by (used in) and related financing activities	(1,780,674)	(2,316,621)	276,143	(31,933)	12,145,514	8,292,429	(196,126)
Cash flows from investing activities:							
Purchases of investments	(68,634)	(19,493)	(70,695)	(61,385)	-	(220,207)	-
Proceeds from sales and maturities of investments	2,751,339	811,914	4,045,615	537,292	-	8,146,160	-
Interest received	-	7,414	8,948	21,566	-	37,928	-
Net cash provided by investing activities	2,682,705	799,835	3,983,868	497,473	-	7,963,881	-
Net increase (decrease) in cash and cash equivalents	586,787	1,414,388	813,151	(61,411)	12,004,594	14,757,509	(247,653)
Cash and cash equivalents, beginning	1,322,054	3,633,971	275,859	180,748	-	5,412,632	290,750
Cash and cash equivalents, ending	\$ 1,908,841	\$ 5,048,359	\$ 1,089,010	\$ 119,337	\$ 12,004,594	\$ 20,170,141	\$ 43,097
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ (3,340,061)	\$ 512,777	\$ (162,311)	\$ (745,015)	\$ (140,920)	\$ (3,875,530)	\$ 188,537
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	1,678,578	2,951,035	408,355	98,215	-	5,136,183	160,101
Change in power cost adjustment	-	(600,986)	-	-	-	(600,986)	-
Net changes in assets, liabilities and deferred inflows/outflows:							
(Increase) decrease in:							
Interest receivable	34,242	260	16,267	2,712	-	53,481	-
Accounts receivables	590,183	1,066,115	562,924	(182,120)	-	2,037,102	(2,050)
Due from other funds	-	-	-	1,250,000	-	1,250,000	450,000
Prepaid / Other assets	-	1,842	-	-	-	1,842	10,801
Inventories	-	(190,230)	-	-	-	(190,230)	27,108
Deferred outflows for pensions	(61,727)	(276,383)	(131,486)	(21,592)	-	(491,188)	(46,529)
Deferred outflows for OPEB	(4,847)	(6,923)	(4,708)	(1,523)	-	(18,001)	(4,846)
Increase (decrease) in:							
Accounts payable and accrued liabilities	(19,590)	(1,331,723)	(57,904)	14,075	-	(1,395,142)	85,227
Due to other funds	800,000	(475,000)	(4,000,000)	-	-	(3,675,000)	-
Compensated absences	(6,119)	65,148	(47,393)	(2,064)	-	9,572	(2,513)
Unearned revenue	-	-	4,667	-	-	4,667	-
Customer deposits	10,558	142,957	(5,720)	-	-	147,795	-
Long term liabilities	-	-	-	-	-	-	-
Net pension liability	(87,505)	61,381	(12,973)	13,512	-	(25,585)	(70,741)
Total OPEB liability	38,507	83,272	37,405	12,102	-	171,286	38,505
Claims and judgements	-	-	-	-	-	-	(920,181)
Deferred inflows for pensions	(14,808)	58,552	16,641	7,079	-	67,464	(12,490)
Deferred inflows for OPEB	73,290	104,701	71,197	23,034	-	272,222	73,291
Total adjustments	3,030,762	1,654,018	(3,142,728)	1,213,430	-	2,755,482	(214,317)
Net cash provided by (used in) operating activities	\$ (309,299)	\$ 2,166,795	\$ (3,305,039)	\$ 468,415	\$ (140,920)	\$ (1,120,048)	\$ (25,780)
Non-cash investing, capital and financing activities:							
Borrowing under equipment financing	\$ 839,506	\$ 256,653	\$ 545,220	\$ -	\$ -	\$ 1,641,379	\$ -
Contribution of capital assets from governmental fund	\$ 3,613,714	\$ 322,658	\$ -	\$ -	\$ -	\$ 3,936,372	\$ -
Change in fair value of investments	\$ (8,305)	\$ (35,562)	\$ (34,149)	\$ (25,938)	\$ -	\$ (103,954)	\$ -

(1) Homestead Station QALICB fiscal year end is June 30, 2018.

CITY OF HOMESTEAD, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018

	Pension Trust <u>Funds</u>
ASSETS	
Cash and cash equivalent	\$ 4,979,732
Receivables:	
Other receivables	393,057
Contributions	676,043
Accrued investment income	<u>630,054</u>
Total receivables	<u>1,699,154</u>
Other Asset	<u>288,001</u>
Investments:	
U.S. Government Securities	18,364,340
Corporate bonds	46,050,060
Mortgage backed securities	2,923,759
Hedge funds	2,968,198
Mutual funds - fixed income	2,552,374
Mutual funds - equity	10,413,748
Common stocks	107,288,696
Other	<u>1,009,200</u>
Total investments	<u>191,570,375</u>
Total Assets	<u>198,537,262</u>
LIABILITIES	
DROP Payable	1,034,183
Accounts payable	<u>362,780</u>
Total Liabilities	<u>1,396,963</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid City contribution	<u>233,217</u>
Total deferred inflows of resources	<u>233,217</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 196,907,082</u></u>

See notes to basic financial statements.

CITY OF HOMESTEAD, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Pension Trust <u>Funds</u>
ADDITIONS	
Contributions:	
City	\$ 6,623,070
Employees	1,060,727
State	867,453
Total contributions	<u>8,551,250</u>
Investment income:	
Investment earnings	5,557,064
Net appreciation in fair value of investments	7,874,789
Less investment expenses	<u>(1,080,349)</u>
Net investment income	<u>12,351,504</u>
Other revenues	<u>11,220</u>
Total additions	20,913,974
DEDUCTIONS	
Pension benefits	11,602,381
Refunds	51,162
Administrative expenses	<u>404,341</u>
Total deductions	<u>12,057,884</u>
Change in net position	8,856,090
NET POSITION RESTRICTED FOR PENSION BENEFITS	
Beginning of year	187,703,627
Prior period adjustment	<u>347,365</u>
Beginning - as restated	<u>188,050,992</u>
End of year	<u>\$ 196,907,082</u>

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

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CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Homestead, Florida (the City) located in Miami-Dade County is a municipal entity established under the Home Rule Charter in 1913 and provides a full range of services to its citizens. The City operates under a council-manager form of government in which the Council acts as the policy making arm of the City and the City Manager acts as the chief executive. The powers of the City Council include the ability to enact legislation, adopt budgets, determine policies and appoint the City Manager, City Attorney, Council Auditor (Internal Auditor) and City Clerk.

The basic financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The more significant of the City's accounting policies are described below.

A. FINANCIAL REPORTING ENTITY

The financial statements were prepared in accordance with Governmental Accounting Standards Board, which establishes standards for defining and reporting on the financial reporting entity. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The accompanying financial statements present the City and its component units which are entities for which the City is considered to be financially accountable. The City (the primary government) is considered financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City.

Blended component units, although legally separate entities, are, in substance, part of the government's operations. Other than the operations of the primary government, the accompanying statements include:

- 1) Homestead Community Redevelopment Agency (CRA) as a blended component unit. The CRA was created under Chapter 163 Florida Statutes, The Community Redevelopment Act. This entity is included as a blended component unit in the financial statements of the City because (1) the CRA's governing body is the same as the governing body of the City and (2) management of the City has operational responsibility for the CRA.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (Continued)

- 2) Homestaed Station QALICB, Inc., as a blended component unit. Homestead Station QALICB, a Florida nonprofit corporation, was incorporated on March 1, 2018, and was classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Homestead Station QALICB is to carry out the charitable public purposes of the City of Homestead (the “City”), including more specifically, to support the establishment of a mixed-use facility as a vital piece of economic development in the City. Homestead Station QALICB’S fiscal year end is June 30.

Homestaed Station QALICB is considered to be a special-purpose governmental entity engaged only in business-type activities for the purpose of applying accounting and financial reporting standards; that is, the Governemntal Accounting Standards Board (“GASB”) has jurisdiction over the organization’s accounting standards.

This organization is included as a blended component unit in the financial statements of the City because 1) the majority of its officials are appointed by the City and 2) the organization is fiscally dependent on the City and there is a potential for the organization either to provide specific financial benefits, or impose specific financial burdens on the City.

For FY2018, the City’s financial statements include Homestead Station QALICB’s financial statements for the period from March 1, 2018 (inception) to June 30, 2018.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between the governmental and business-type activities of the City.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The statement of net position reports all financial and capital resources of the City’s governmental and business-type activities. Governmental activities are those supported by taxes and intergovernmental revenues. Business-type activities rely to a significant extent on fees and charges for services provided.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining nonmajor funds are aggregated and reported as other governmental or enterprise funds, as appropriate.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's business-type activities and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements - The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

Property taxes, franchise fees, business taxes, and interest income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period since they are measurable and available. Revenues and receivables for expenditure driven grants are recognized when the qualifying expenditures are incurred. All other revenue items (licenses and permits, charges for services and miscellaneous revenues) are recorded as revenue when cash is received by the City because they are generally not measurable until actually received.

Proprietary fund financial statements distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for using a separate set of self-balancing accounts, which comprise its assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund equities, revenues and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined), for the determination of major funds. The non-major funds are presented in one column in the fund financial statements.

The City reports the following major governmental funds:

General Fund

The general fund is the City's primary operating fund. It accounts for all of the financial resources of the general government, except for those required to be accounted for in another fund. Revenue is derived primarily from property taxes, utility taxes, state and federal distributions and other intergovernmental revenue. The general operating expenditures, fixed charges and capital outlay costs that are not paid through other funds are paid from the General Fund.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

Homestead Community Redevelopment Agency (CRA), formerly known as the Homestead Economic and Rebuilding Organization (HERO)

This special revenue fund is used to account for monies received from Tax Increment Financing (TIF) from the City of Homestead and Miami-Dade County for use in the area designated as the CRA.

Impact Fees Fund

This fund was established to account for the receipt and expenditure of impact fees assessed on residential and non-residential new developments.

Multimodal Transit Center Fund

This capital project fund is used to account for the costs associated with constructing of a parking garage/retail facility (Multimodal Transit Center) .

The City reports the following major proprietary funds:

Water & Sewer Fund

This fund accounts for the operating activities related to the water and sewer utility.

Electric Utility Fund

This fund accounts for the operating activities related to the electric utility.

Solid Waste Fund

This fund accounts for the operating activities related to solid waste operations.

Homestead Station QALICB

This fund accounts for the operating activities related to Homestead station QALICB operations.

Additionally, the City reports the following fund types:

Internal Service Funds

The internal service funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost reimbursement basis. The City maintains three internal service funds classified as governmental activities; Fleet, Health Insurance and Other Self-Insurance which includes Property, Liability and Worker's Compensation insurance funds. The City maintains one internal service fund, Customer Service, which is classified as a business-type activity.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

Fiduciary Funds

The fiduciary funds are accounted for in the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The fiduciary funds account for the assets and operations of the City's five pension plans. Plan member contributions are recognized in the period in which the contributions are paid. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

D. GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

During the fiscal year ended September 30, 2018, the City implemented GASB Statement No.75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ." The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR FUND BALANCE

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, and all highly liquid investments with maturities of three months or less when purchased. Resources of all funds, except for Multimodal Transit Center, New Police Building, Cybrary and Homestead Station QALICB, have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Pooled cash and cash equivalents are classified as "Cash and Cash Equivalents" in the Statement of Net Position. Interest earned on pooled cash and investments is allocated monthly based upon the month end equity or fund balances of the respective funds.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR FUND BALANCE (Continued)

2. *Investments*

State statutes authorize the City to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, corporate bonds, repurchase agreements, State Treasurer's Investment Pool and the Florida Municipal Investment Trust. City investments are recorded in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a hierarchy based on the valuation inputs used to measure the fair value of the asset.

The City's government securities and corporate bonds have fair value measurements using level 1 and 2 valuation inputs using pricing models maximizing the use of observable inputs for similar securities. There are no assets valued using non-recurring fair value measurements. Money market mutual funds are reported at amortized cost.

3. *Receivables and Payables*

All trade and other receivables are shown net of an allowance for estimated uncollectible amounts. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to other funds" or "due from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". As of September 30, 2018, the City reports internal balances of \$4,714,467.

Transactions to transfer revenue or contributions between funds are recorded as transfers in or transfers out.

4. *Prepaid Costs*

Prepaid costs are payments for expenditures/expenses that are applicable to future accounting periods and are reported as prepaid costs in both government-wide and fund financial statements. The cost of prepaid costs is recorded using the consumption method whereby expenditures/expenses are recorded when consumed rather than when purchased.

5. *Inventories*

The supplies and merchandise inventories as well as diesel fuel and gasoline are recorded at cost using the weighted average method. Perpetual inventory records are maintained and adjusted annually to physical inventory amounts as of September 30th of each year. Inventory is reported using the consumption method whereby inventories are recorded as expenditures/expenses when used.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR FUND BALANCE (Continued)

6. *Deferred Power Cost Adjustment*

The City's Electric Utility Fund capitalized its power cost adjustment in accordance with accounting standards which in part state that a rate-regulated utility should capitalize a cost if it is probable that, through the ratemaking process, there will be a corresponding increase or decrease in future revenues.

7. *Restricted Assets*

Certain of the City's assets are required to be segregated as to use and are therefore identified as restricted assets. Restricted assets include resources subject to externally imposed restrictions such as creditors, grantors, laws and regulations. Restricted assets are also set aside to make debt service payments and for customer deposits. All applicable assets in the governmental funds and in the enterprise funds have been restricted in amounts sufficient to meet restrictive purposes.

8. *Capital Assets*

Assets, whether tangible or intangible, with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year are classified as capital assets. Property, plant and equipment, and certain infrastructure assets (e.g., roads, bridges, sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are recorded at actual cost or estimated cost where no historical records exist. Donated capital assets are valued at their acquisition value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed as incurred.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

	Estimated Useful Lives (Years)
Buildings and building improvements	10-50
Utility plant and systems	20-50
Furniture, fixtures and equipment and other improvements	3-10
Infrastructure	40-50

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR FUND BALANCE (Continued)

9. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. Currently, the government has three items that qualify for reporting in this category: the fair value of the interest rate swap agreements for derivative instruments, which is reported only in the government-wide statement of net position, OPEB outflows which is a GASB-75 term for actuarial losses, and pensions outflows which is pension contributions made subsequent to the measurement date, which will be recognized in the following year.

10. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the City has two items that qualify for reporting in this category: OPEB inflows which is a GASB-75 term for actuarial gains, and pension inflows which is the difference between the expected and actual pension expenses which is amortized over the investment terms of the pension assets. These amounts are deferred and will be recognized as revenue in the period that the amounts meet the recognition criteria.

11. Unearned Revenues

Inflows that do not meet the criteria for revenue recognition, such as business tax receipts, miscellaneous receivables, grants, hurricane fees and lease payments received in advance are classified as liabilities and recorded as unearned revenue in the government-wide and the fund financial statements.

12. Compensated Absences

Employees earn vacation and sick leave in varying amounts based on length of service. Upon separation from service, employees are paid the value of their accumulated vacation and unused sick leave within certain limits. All vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental funds, a liability is recorded only for leave that has matured. The fund in which the employee's payroll expense is recorded, is used to liquidate such amounts, or primarily the General Fund when related to governmental activities.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR FUND BALANCE (Continued)

13. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount. In the governmental fund financial statements, bond proceeds, premiums, and discounts are recognized during the period in which the bonds are issued.

Issue costs, even if withheld from the net proceeds received, are reported as debt service expenditures/expenses in the year incurred.

14. Net Position/Fund Balances

Net position is the result of assets and deferred outflows of resources less liabilities and deferred inflows of resources. The net position of the government-wide and proprietary funds are categorized as net investment in capital assets (capital assets reduced by the accumulated depreciation and any outstanding debt incurred to acquire, construct or improve those assets excluding unexpended debt proceeds), restricted or unrestricted. The first category represents net investments related to property, plant, equipment and infrastructure. The restricted category represents the balance of assets restricted by requirements of revenue bonds and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components.

The City classifies fund balance in accordance with GASB Statement No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*.” This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The City reports the following fund balance classifications:

Nonspendable fund balance. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form-such as inventories or prepaid costs or (b) legally or contractually required to be maintained intact - such as a trust that must be retained in perpetuity.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR FUND BALANCE (Continued)

14. Net Position/Fund Balances (Continued)

Restricted fund balance. This classification reflects the constraints on resources either (a) imposed externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority that can, by adoption of a resolution or an ordinance (equally binding), commit fund balance. Once adopted, the limitation remains in place until the City Council removes or revises the limitation by taking the same type of action (the adoption of another resolution or ordinance). This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City's policy is that the Council and City Manager have the authority to assign amounts to be used for specific purposes. The Council may also assign fund balance as it does when appropriating fund balance to cover the gap between estimated revenue and appropriations in the subsequent year's appropriated budget. The City Council authorizes assignments to the City Manager by the adoption of an ordinance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

15. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR FUND BALANCE (Continued)

16. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last, unless the City Council has provided otherwise in its commitment or assignment actions by either ordinance or resolution.

17. Fund Balance Policy

Commencing with the fiscal year beginning on October 1, 2004 and thereafter, the City Council adopted an ordinance which required the General Fund to maintain a minimum fund balance in an amount which is at least equal to ten percent (10%) of the general fund budgeted revenues for the fiscal year and report this amount as "required reserve" under committed fund balance. Monies from the committed fund balance may be utilized under circumstances in which unforeseen events prohibit other budgeted funds from being timely available to meet the expenditures of the City and it is determined by the affirmative vote of five (5) members of the City Council to be necessary to temporarily allocate and expend such monies. However, any committed fund balance monies which are so utilized shall be replenished pursuant to the budget for the next ensuing fiscal year so that the committed fund balance is maintained at the percent level described above. Any action to establish, modify or rescind classifications would be taken through the adoption of either an ordinance or resolution by the City Council.

F. OTHER SIGNIFICANT POLICIES

1. Utility Billings

Utility customers are billed monthly on a cycle basis. Unbilled revenue is recognized in the accompanying financial statements based upon estimates of revenue for services rendered between billing cycle dates and fiscal year end.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. OTHER SIGNIFICANT POLICIES (Continued)

2. *Rebatable Arbitrage*

The City has elected the option of treating rebatable arbitrage as a reduction of investment income. However, for the fiscal year ended September 30, 2018, there was no rebatable arbitrage required to be recorded.

3. *Property Taxes*

Property taxes (ad valorem taxes) are assessed on January 1 (the lien date) and are billed and payable November 1. They are due March 31 and become delinquent April 1. On June 1, delinquent taxes are offered for sale in the form of tax certificates. Assessed values are established by the Miami-Dade County Property Appraiser for all properties in the County at approximate fair market value. The County bills and collects all property taxes for the City. The assessed value of property at January 1, 2017, upon which the 2017-2018 levy was based was approximately \$2.61 billion.

Under Florida law, the assessment of all properties and the collection of all county, municipal, school district and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to 10 mills (\$10 per \$1,000 of assessed valuation) for general governmental services other than general obligation debt service. To the extent required by voter approved general obligation debt, unlimited amounts may be levied to pay debt service. The millage rate levied to finance general governmental services for the 2017-2018 fiscal year was 5.9215 mills (\$5.9215 per \$1,000 of assessed valuation) and 0.5575 mills for the debt service.

4. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, deferred inflows/outflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. OTHER SIGNIFICANT POLICIES (Continued)

5. Procurement Authorization Limits

Prior to the execution of any purchase order where the total amount to be expended is greater than \$25,000 but not greater than \$35,000, City Council approval and a minimum of three vendors' quotations must be obtained. Where the sums to be paid for the purchase of such supplies, materials, equipment or improvements or services is in excess of \$35,000, no contract shall be entered into until public invitation to bid shall have been published one (1) time in a newspaper published in Miami-Dade County and of general circulation in the City. The notice shall be published as required by law. In all cases, such bids shall be awarded to the lowest and most responsible bidder, subject to the right of the City to reject any and all bids which shall be specifically reserved in such advertisements, and subject also to the right of the City to award bids and contracts to such bidders as the City Council may desire, notwithstanding that the award is to a bidder other than the low bidder. Notice may also be posted electronically.

6. Encumbrances

Budgets in governmental funds are encumbered upon issuance of purchase orders, contracts or other forms of legal commitments. While appropriations lapse at the end of the fiscal year, the succeeding year's budget amendment ordinance specifically provides for the reappropriation of year-end encumbrances.

NOTE 2. DEPOSITS AND INVESTMENTS

A. DEPOSITS

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized with securities held by the City or its agent in the City's name.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

B. INVESTMENTS - CITY

The City is authorized to invest in those instruments authorized by the Florida Statutes, and the City's investment policy, including obligations of the U.S. Treasury, U.S. Government Agencies and instrumentalities, corporate notes and bonds, commercial papers and certain money market mutual funds.

At fiscal year end, the City had the following deposits and investments:

<u>Pooled Investments</u>	<u>Maturity</u>	<u>Fair Value or Amortized Cost</u>	<u>Rating (Moody's)</u>
Money Market Mutual Funds	Daily	\$ 1,634,169	
U.S. Government Agencies:			
Federal Home Loan Bks Step Up JR-9020	10/27/2020	1,965,560	AAA
Federal Home Loan MTG Corp Medium Term Notes	2020	4,452,015	AAA
Federal Home Loan MTG Corp Medium Term Notes	2021	5,902,190	AAA
Federal Nat'l Mtg Assn Medium Term Notes	2/26/2021	1,491,165	AAA
Government National Mortgage Association II Guaranteed Mortgage Pass Thru Certificates	5/20/2039	78,465	AAA
Government National Mortgage Association II Guaranteed Mortgage Pass Thru Certificates	9/20/2040	178,122	AAA
Government National Mortgage Association II Guaranteed Mortgage Pass Thru Certificates	2041	1,158,177	AAA
Small Business Administration Guaranteed Loan Pool Certificates	10/22/2022	268,463	AAA
Small Business Administration Guaranteed Loan Pool Certificates	2023	279,472	AAA
Small Business Administration Guaranteed Loan Pool Certificates	2/25/2024	148,224	AAA
Small Business Administration Guaranteed Loan Pool Certificates	2026	284,077	AAA
Small Business Administration Guaranteed Loan Pool Certificates	2027	436,967	AAA
Small Business Administration Guaranteed Development Participation Debt	11/1/2027	162,245	AAA
Small Business Administration Guaranteed Development Participation Certificate	9/1/2028	247,725	AAA
Small Business Administration Guaranteed Development Participation Debt	6/1/2031	365,076	AAA
Small Business Administration Guaranteed Development Participation Certificate	7/1/2031	406,650	AAA
Small Business Administration Guaranteed Development Participation Debt	4/1/2033	516,734	AAA
Municipal Bonds:			
Delaware ST Taxable Ser C Build	7/1/2019	502,630	AAA
New York St Environmental Facs	7/15/2022	954,800	AAA
Corporate Bonds:			
Royal Bk CDA GTD BD	9/23/2019	993,400	Aaa
Toronto Dominion BK ONT 144A	4/2/2020	983,020	Aaa
International FIN Corp Medium Term Notes	2021	2,932,120	AAA
Certificates of Deposit		3,492,747	
Total Investments		29,834,213	
Deposits		7,808,963	
Pooled Investments		<u>\$ 37,643,176</u>	

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

B. INVESTMENTS - CITY (Continued)

Proceeds from a bonds issuance on September 11, 2014 for the construction of the New Police Building, proceeds from a bonds issuance on September 14, 2017 for the construction of the Multimodal Transit Center, proceeds from a HUD Section 108 loan for the Cybrary project, escrow accounts for unspent proceeds from equipment financing, as well as Homestead Station QALICB's cash & cash equivalent and restricted cash are not part of the City's pooled cash & investments and their balances as of September 30, 2018 are as follow:

	<u>Maturity</u>	<u>Fair Value or Amortized Cost</u>
Money Market Mutual Funds	Daily	\$ 21,988,524
Deposits		<u>16,064,870</u>
Sub-total not pooled cash & investments :		<u>38,053,394</u>
Equipment financing escrow		<u>1,764,119</u>
Total Cash and Investments for the City:		<u>\$ 77,460,689</u>

C. RISKS AND UNCERTAINTIES - CITY

The City invests in various investment securities. Investments are exposed to various risks, such as interest rate, custodial and credit risk. Due to the level of risk associated with investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the financial statements. The City, through its investment advisor, monitors the investments and the risks associated therewith on a regular basis, which the City believes minimizes these risks.

1. Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The City limits its exposure to fair value losses from rising interest rates by limiting the duration of the securities in which the City invests. The City's investment policy limits the duration of investments to be 10 years or less. There were no investments in the City's portfolio that exceed the maximum durations at September 30, 2018.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

C. RISKS AND UNCERTAINTIES - CITY (Continued)

2. Custodial Credit Risk

Custodian credit risk is the risk that in the event of a failure of counterparty, the City will not be able to recover the value of its investments or collateral securities that are held by the counterparty. The City does not have any investments in the possession of counterparties; all are held by the master custodian under the City's name.

3. Credit Risk

Credit risk exists when there is a possibility the issuer or other counter-party to an investment may be unable to fulfill its obligations. The City's investment policy requires all fixed income investment vehicles to be rated in one of the two highest rating categories by Moody's Investors Service, Inc., Standard and Poor's Corporation or Fitch Investor Services at the time of purchase. All City's investments are rated within the policy guidelines.

4. Concentration of Credit Risk

In addition to describing the credit risk of investments in the portfolio, governmental entities need to disclose the concentration of any single investment type or holding per single issuer. The City's investment policy allows investment concentrations in various percentages for different types of investments. The investments held at year end are all within the allowable percentages.

The following summarizes the City's policy on the allowable and the actual concentration in each investment type on September 30, 2018:

<u>Investment Type</u>	<u>Policy Maximum</u>	<u>Actual Investment</u>
Money Market Mutual Funds	100%	30.5%
U.S. Government Agency Securities (Bonds & ABS)	75%	23.7%
Obligations Issued by any State of the U.S. (Municipal Bonds)	50%	1.9%
Collateralized Variable Bonds (Corporate Bonds)	20%	6.3%
Certificates of Deposit	100%	4.5%
Deposits (includes equipment financing escrow)	100%	33.1%
		<u>100.0%</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

C. RISKS AND UNCERTAINTIES - CITY (Continued)

4. Concentration of Credit Risk (Continued)

GASB Statement 40 requires disclosure when 5% or more of the portfolio is invested in any one issuer. At September 30, 2018, the City held the following concentrations:

<u>Issuer</u>	<u>Percentage of Portfolio</u>
Federal Home Loan MTG Corp Medium Term Notes	13.4%

The concentrations listed are within the City's investment policy limits and the City does not view the concentrations in excess of 5% to be an additional risk.

D. FAIR VALUE MEASUREMENT- CITY

GASB Statement No. 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices in active markets;
- Level 2 inputs are based on other significant observable inputs such as indices for fixed income bonds and quoted prices for similar assets in markets that are not active;
- Level 3 inputs are unobservable inputs.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

D. FAIR VALUE MEASUREMENT- CITY (Continued)

The following is a description of fair value techniques for the City's investments:

Short-term investments, which consist of money market mutual funds, are reported at amortized cost.

Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, preferred securities, and bond funds. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.

The City has a central deposit custodian, Bank of New York Pershing. The custodian contracts SIX Financial Company to obtain pricing on most securities.

The following summarizes the fair value hierarchy of the fair value investments for the City as of September 30, 2018:

- U.S Government bonds of \$13.81million are valued using observable market prices in active markets (Level 2);
- Asset backed securities of \$4.53million are valued using multi-dimensional, collateral specific spread/price/prepayment spread tables (Level 2);
- Municipal bonds of \$1.46 million are valued using quoted market pricing model (Level 2);
- Corporate bonds of \$1.98 million are valued using quoted market prices in active market (Level 1) and \$2.93 million using quote market prices of similar assets (Level 2), totaling \$4.9 million in corporate bonds;

As of September 30, 2018, the City did not have any Level 3 investments.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

D. FAIR VALUE MEASUREMENT- CITY (Continued)

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
<u>Investments by Fair value level</u>	<u>9/30/2018</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<u>Debt Securities:</u>				
U.S. Government Bonds	\$ 13,810,930	\$ -	\$ 13,810,930	\$ -
Asset Backed Securities	4,530,397	-	4,530,397	-
Municipal bonds	1,457,430	-	1,457,430	-
Corporate bonds	4,908,540	1,976,420	2,932,120	-
Total investments measured at fair value level	\$ 24,707,297	\$ 1,976,420	\$ 22,730,877	\$ -
Money markets (exempt)	23,622,693			
Certificates of deposit (exempt)	3,492,747			
Total investments	\$ 51,822,737			

Recociliation of Cash and Investments for the City:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Total demand deposits	\$ 15,130,383	\$ 8,743,450	\$ 23,873,833
Total equipment financing escrow	-	1,764,119	1,764,119
Total cash and cash equivalents	15,130,383	10,507,569	25,637,952
Total investments measured at fair value level	23,955,656	751,641	24,707,297
Total money market mutual funds	1,634,169	21,988,524	23,622,693
Total certificates of deposits	3,000,000	492,747	3,492,747
Total investments	28,589,825	23,232,912	51,822,737
Total cash and investments for the City @ 09/30/18	\$ 43,720,208	\$ 33,740,481	\$ 77,460,689

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 3. RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

Restricted and limited use assets of the City represent monies required or designated for debt service, customer deposits and restricted under the terms of bond covenants, City ordinances or grants.

The City had the following restricted assets at September 30, 2018:

Governmental activities:

Forfeiture	\$	1,026,537
HERO debt service		305,976
Motorsports debt service and loan security		996,172
Fiber optic ring security		100,000
Equipment financing escrow		122,740
General obligation bonds debt service		142,717
General obligation bonds proceed		438,732
Taxable transportation system revenue bonds debt service		449,841
Taxable transportation system revenue bonds proceed		21,487,106
HUD Section 108 loan proceed		378,242
Subtotal governmental activities		<u>25,448,063</u>

Business-type activities:

Customer deposits		5,096,739
Electric utility bonds debt service		715,800
QALICB debt service reserve		838,500
Equipment financing escrow		<u>1,641,379</u>
Subtotal business-type activities		<u>8,292,418</u>
Total restricted cash, cash equivalents and investments	\$	<u><u>33,740,481</u></u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 4. RECEIVABLES

Receivables as of September 30, 2018 for the City's major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

		Homestead	Impact	Other	Internal	
<u><i>Governmental activities receivables:</i></u>	<u>General</u>	<u>CRA</u>	<u>Fees</u>	<u>Governmental</u>	<u>Service</u>	<u>Total</u>
Utility Billed	\$ 301,792	\$ -	\$ -	\$ -	\$ -	\$ 301,792
Utility Unbilled	93,741	-	-	-	-	93,741
Franchise fees and taxes	2,249,454	-	-	-	-	2,249,454
Grant receivables	-	-	-	3,082,338	-	3,082,338
Intergovernmental receivables	-	-	-	992,935	-	992,935
Miscellaneous	485,248	462	-	184,986	14,576	685,272
Gross receivables	3,130,235	462	-	4,260,259	14,576	7,405,532
Less allowance for uncollectibles	468,618	-	-	-	-	468,618
Sub-Total:	2,661,617	462	-	4,260,259	14,576	6,936,914
Interest on investments	52,804	3,579	34,475	4,839	-	95,697
Governmental activities receivables, net	<u>\$ 2,714,421</u>	<u>\$ 4,041</u>	<u>\$ 34,475</u>	<u>\$ 4,265,098</u>	<u>\$ 14,576</u>	<u>\$ 7,032,611</u>

	Water & Sewer	Electric	Solid	Other	
<u><i>Business-type activities receivables:</i></u>	<u>Utilities</u>	<u>Utility</u>	<u>Waste</u>	<u>Proprietary</u>	<u>Total</u>
Utility Billed	\$ 3,502,059	\$ 15,644,819	\$ 3,364,887	\$ 1,771,692	\$ 24,283,457
Utility Unbilled	1,004,249	4,115,008	384,208	56,449	5,559,914
Miscellaneous	40,328	78,172	527	-	119,027
Gross receivables	4,546,636	19,837,999	3,749,622	1,828,141	29,962,398
Less allowance for uncollectibles	1,549,754	6,098,964	1,657,195	1,204,704	10,510,617
Sub-Total:	2,996,882	13,739,035	2,092,427	623,437	19,451,781
Interest on investments	1,226	3,049	904	8,116	13,295
Business-type activities receivables, net	<u>\$ 2,998,108</u>	<u>\$ 13,742,084</u>	<u>\$ 2,093,331</u>	<u>\$ 631,553</u>	<u>\$ 19,465,076</u>
Total government-wide net receivables					<u>\$ 26,497,687</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 5. ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts and purchase orders issued for good and services. Significant encumbrances as of September 30, 2018 are as follows:

Significant encumbrances

Major funds:

General Fund	\$ 1,216,000
Impact Fees Fund	1,497,000
Multimodal Transit Center	24,941,000
Homestead Community Redevelopment Agency	<u>217,000</u>
Total major funds	27,871,000

Other governmental funds:

Grant Fund	1,645,000
People Transportation Plan Fund	2,045,800
Cybrary Fund	4,685,000
Others governmental funds	<u>999,600</u>
Total other governmental funds	<u>9,375,400</u>

Total encumbrances	<u><u>\$ 37,246,400</u></u>
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CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 6. INTERFUND TRANSACTIONS

Interfund Transfers

<u>Transfers In</u>	<u>Transfers Out</u>									<u>Total</u>
	<u>General Fund</u>	<u>Multimodal</u>	<u>Homestead CRA</u>	<u>Other Governmental Funds</u>	<u>Water & Sewer</u>	<u>Electric Utility</u>	<u>Solid Waste</u>	<u>Other Enterprise Fund</u>	<u>Customer Service Fund</u>	
General Fund	\$ -	\$ -	\$ -	\$ 2,724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,724 (1)
General Fund	-	2,967,608	-	-	-	-	-	-	-	2,967,608 (2)
Impact Fees Fund	-	-	-	332,181	-	-	-	-	-	332,181 (3)
Multimodal Transit Center	287,834	-	-	-	-	-	-	-	-	287,834 (4)
CRA	93,500	-	-	-	-	-	-	-	-	93,500 (5)
Other Governmental Funds	5,100,000	-	-	-	-	-	300,000	-	-	5,400,000 (6)
Other Governmental Funds	498,756	-	-	1,747,892	-	-	-	-	-	2,246,648 (7)
Other Governmental Funds	-	-	327,500	-	-	-	-	-	-	327,500 (8)
Other Governmental Funds	-	954,008	-	-	-	-	-	-	-	954,008 (9)
Other Governmental Funds	290,392	-	-	-	12,874	35,621	23,821	6,437	25,747	394,892 (10)
Water & Sewer Fund	-	-	-	-	-	-	-	6,929	-	6,929 (11)
Electric Fund	-	-	-	-	-	-	-	800,000	-	800,000 (12)
Solid Waste Fund	-	-	-	-	-	-	-	182,000	-	182,000 (13)
Homestead Station QALICB	1,150,000	-	-	-	-	-	-	-	-	1,150,000 (14)
Total	<u>\$ 7,420,482</u>	<u>\$ 3,921,616</u>	<u>\$ 327,500</u>	<u>\$ 2,082,797</u>	<u>\$ 12,874</u>	<u>\$ 35,621</u>	<u>\$ 323,821</u>	<u>\$ 995,366</u>	<u>\$ 25,747</u>	<u>\$ 15,145,824</u>

- (1) Transfers of \$2,724 from Seminole Theatre to General Fund was to cover the cost of a capital asset.
- (2) Transfer of \$2,967,608 from Multimodal to General Fund was to cover costs of capital assets transferred to Homestead Station QALICB.
- (3) Transfer of \$332,181 from Grant to Impact Fees was to fund Losner Park capital project.
- (4) Transfer of \$287,834 from General Fund to Multimodal was to fund portion of land purchased.
- (5) Transfer of \$93,500 from General Fund to CRA was to fund portion of land purchased.
- (6) Transfer totalling \$5,400,000 from General Fund and Solid Waste into other governmental fund was to fund the Hurricane Irmadisaster expenditures.
- (7) Transfer of \$2,246,648 from General Fund and People Transportation Plan into other governmental fund was for debt service payments.
- (8) Transfer of \$327,500 from CRA into other governmental funds was for debt service payments.
- (9) Transfer of \$954,008 from Multimodal to other governmental funds was to return unused funds from a prior year transfer.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 6. INTERFUND TRANSACTIONS (Continued)

Interfund Transfers (Continued)

- (10) Transfers of \$394,892 from General Fund, Water & Sewer, Electric, Solid Waste and other enterprise funds into other governmental funds was to fund the cost of different capital projects.
- (11) Transfer of \$6,929 from Utilities Repair, Replacement and Improvement Fund into Water & Sewer Fund was to fund capital projects.
- (12) Transfer of \$800,000 from Utilities Repair, Replacement and Improvement Fund into Electric Utility Fund was to fund capital projects.
- (13) Transfer of \$182,000 from Utilities Repair, Replacement and Improvement Fund into Solid Waste Fund was to fund capital projects.
- (14) Transfer of \$1,150,000 from General Fund to Homestead Station QALICB as part of the NMTC transactions.

Interfund Payables and Receivables

Interfund payables and receivables are used exclusively to eliminate negative pooled cash balances of individual funds for purposes of financial statement reporting. For government-wide financial statement presentation, the interfund payables and receivables are eliminated as part of interfund activity.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 6. INTERFUND TRANSACTIONS (Continued)

Interfund Payables and Receivables (Continued)

Individual interfund receivable and payable balances at September 30, 2018 are as follows:

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
General Fund	\$ 7,163,168	\$ 4,714,367
Major Governmental Funds:		
Multimodal Transit Center (1)	4,714,367	668,801
Homestead Community Redevelopment Agency	<u>600,000</u>	<u>-</u>
Total Major Governmental Funds	<u>5,314,367</u>	<u>668,801</u>
Other Governmental Funds:		
Sundries Grants	-	1,780,000
Peoples' Transportation Plan	800,000	-
New Police Building Fund	-	185,000
Capital Improvement Fund	300,000	-
Cybrary Fund	185,000	-
Homestead Miami Speedway	<u>475,000</u>	<u>-</u>
Total Other Governmental Funds	<u>1,760,000</u>	<u>1,965,000</u>
Total Governmental Funds	<u>14,237,535</u>	<u>7,348,168</u>
Major Proprietary Funds:		
Water and Sewer	-	3,300,000
Electric Utility	<u>-</u>	<u>6,425,000</u>
Total Major Proprietary Funds	<u>-</u>	<u>9,725,000</u>
Other Proprietary Funds:		
Stormwater		-
Utilities Repair, Replacement and Improvement	<u>1,600,000</u>	<u>-</u>
Total Other Proprietary Funds	<u>1,600,000</u>	<u>-</u>
Total Proprietary Funds	<u>1,600,000</u>	<u>9,725,000</u>
Internal Service Funds:		
Other Self Insurance	3,880,000	-
Customer Services	1,610,000	-
Fleet Management	<u>460,000</u>	<u>-</u>
Total Internal Service Funds	<u>5,950,000</u>	<u>-</u>
Sub-total	<u>\$ 21,787,535</u>	<u>\$ 17,073,168</u>
Total Interfund Balances as of September 30, 2018		<u>\$ 4,714,367</u>

- (1) Homestead Station QALICB fiscal year end is June 30, 2018. QALICB has a due to other fund of \$4,714,367 that happened after June 30, 2018.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 7. CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2018 was as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 47,204,711	\$ 7,794	\$ -	\$ 47,212,505
Artworks	2,780	-	-	2,780
Construction in Progress	<u>5,917,401</u>	<u>3,590,619</u> (a)	<u>4,446,200</u>	<u>5,061,820</u>
Total capital assets not being depreciated	<u>53,124,892</u>	<u>3,598,413</u>	<u>4,446,200</u>	<u>52,277,105</u>
Capital assets being depreciated:				
Land improvements	232,492	-	-	232,492
Buildings and improvements	160,053,422 (a)	641,568	-	160,694,990
Other improvements	54,169,067	936,812	-	55,105,879
Furniture, fixtures and equipment	40,448,819	1,521,262	-	41,970,081
Infrastructure	<u>118,580,871</u>	<u>-</u>	<u>-</u>	<u>118,580,871</u>
Total capital assets being depreciated	<u>373,484,671</u>	<u>3,099,642</u>	<u>-</u>	<u>376,584,313</u>
Less accumulated depreciation for:				
Land improvements	14,996	9,583	-	24,579
Buildings and improvements	47,190,214	4,033,441	-	51,223,655
Other improvements	39,170,834	2,868,807	-	42,039,641
Furniture, fixtures and equipment	32,835,968	2,495,132	-	35,331,100
Infrastructure	<u>74,617,583</u>	<u>2,605,333</u>	<u>-</u>	<u>77,222,916</u>
Total accumulated depreciation	<u>193,829,595</u>	<u>12,012,296</u>	<u>-</u>	<u>205,841,891</u>
Total capital assets being depreciated, net	<u>179,655,076</u>	<u>(8,912,654)</u>	<u>-</u>	<u>170,742,422</u>
Governmental activities capital assets, net	<u>\$ 232,779,968</u>	<u>\$ (5,314,241)</u>	<u>\$ 4,446,200</u>	<u>\$ 223,019,527</u>

(a) Of \$4,446,200 Construction in Progress, \$509,828 was transferred to Buildings and Improvement and \$3,936,372 was contributed to business-type activities.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 7. CAPITAL ASSETS (Continued)

<u>Business-type activities:</u>	<u>Beginning Balance</u>		<u>Additions</u>		<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:						
Land	\$ 1,266,972		\$ -		\$ -	\$ 1,266,972
Construction in Progress	3,642,485	(a)	8,424,013	(c)	1,589,635	10,476,863
Total capital assets not being depreciated	<u>4,909,457</u>		<u>8,424,013</u>		<u>1,589,635</u>	<u>11,743,835</u>
Capital assets being depreciated:						
Utility plant and systems	109,871,820	(b)	6,315,622		-	116,187,442
Total capital assets being depreciated	109,871,820		6,315,622		-	116,187,442
Less accumulated depreciation for:						
Utility plant and systems	83,975,095		5,184,396		-	89,159,491
Total capital assets being depreciated, net	<u>25,896,725</u>		<u>1,131,226</u>		<u>-</u>	<u>27,027,951</u>
Business-type activities capital assets, net	<u>\$ 30,806,182</u>		<u>\$ 9,555,239</u>		<u>\$ 1,589,635</u>	<u>\$ 38,771,786</u>

(a) Addition to construction in progress includes assets contributed from governmental activities of \$1,561,519, and C-I-P for Homestead Station QALICB of \$4,731,866.

(b) Addition to utility, plant and systems includes assets contributed from governmental activities of \$2,374,953.

(c) Contruction in Progress of \$1,577,835 was transferred to Utility, plant and systems.

Depreciation expense for the fiscal year ended September 30,2018 has been recored as follows:

<u>Governmental activities:</u>	<u>Depreciation Expense</u>
General government	\$ 2,030,164
Public safety	1,816,602
Public works	1,776,547
Parks and recreation	3,671,762
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	111,888
Unallocated	<u>2,605,333</u>
Total depreciation expense - governmental activities	<u>\$ 12,012,296</u>
<u>Business-type activities:</u>	
Water/Sewer	\$ 1,678,578
Electric	2,951,035
Solid waste	408,355
Other enterprise funds	98,215
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	48,213
Total depreciation expense - business-type activities	<u>\$ 5,184,396</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. LONG-TERM LIABILITIES

Governmental Activities

The following is a summary of changes in governmental long-term liabilities at September 30, 2018:

	Beginning Balance as originally stated	Prior Period Adjustment to OPEB due to GASB 75	Beginning Balance as restated	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:							
General Obligation Bonds, Series 2014	\$ 23,040,000	\$ -	\$ 23,040,000	\$ -	\$ 465,000	\$ 22,575,000	\$ 485,000
Plus: Unamortized Bond Premium	<u>1,566,055</u>	<u>-</u>	<u>1,566,055</u>	<u>-</u>	<u>58,120</u>	<u>1,507,935</u>	<u>58,120</u>
Total General Obligation Bonds, Series 2014	24,606,055	-	24,606,055	-	523,120	24,082,935	543,120
Taxable Transportation System Revenue Bonds, Series 2017	31,440,000	-	31,440,000	-	865,000	30,575,000	645,000
Special Obligation Refunding Bonds	1,150,000	-	1,150,000	-	550,000	600,000	600,000
HERO Increment Revenue Refunding Bonds	<u>852,609</u>	<u>-</u>	<u>852,609</u>	<u>-</u>	<u>284,203</u>	<u>568,406</u>	<u>284,203</u>
Total bonds payable	58,048,664	-	58,048,664	-	2,222,323	55,826,341	2,072,323
Derivative instrument - Interest rate swap	43,190	-	43,190	-	34,549	8,641	-
Compensated absences	2,571,234	-	2,571,234	620,979	643,149	2,549,064	764,719
Equipment financing obligation	4,158,410	-	4,158,410	226,008	1,191,623	3,192,795	846,835
HUD section 108 loan	-	-	-	194,000	194,000	-	-
New Market Tax Credit (NMTC) bridge loan **	-	-	-	12,829,100	-	12,829,100	-
New City Hall \$10M loan	9,578,856	-	9,578,856	-	399,200	9,179,656	409,497
Net pension liability	24,755,285	-	24,755,285	386,848	3,228,974	21,913,159	-
Total OPEB liability	6,951,598	1,335,932	8,287,530	358,722	-	8,646,252	-
Claims and judgements	<u>4,528,528</u>	<u>-</u>	<u>4,528,528</u>	<u>964,044</u>	<u>1,884,225</u>	<u>3,608,347</u>	<u>893,730</u>
Governmental activities long-term liabilities	<u>\$ 110,635,765</u>	<u>\$ 1,335,932</u>	<u>\$ 111,971,697</u>	<u>\$ 15,579,701</u>	<u>\$ 9,798,043</u>	<u>\$ 117,753,355</u>	<u>\$ 4,987,104</u>

** See note on New Market Tax Credit (NMTC) Note 8 (I).

Note: Pension liabilities, compensated absences and OPEB liabilities are generally liquidated by the General Fund.

Pension contributions are paid by the General Fund as actuarially determined by the actuaries of the pension plans.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

A. General Obligation Bonds, Series 2014

On May 13, 2014, the City's voters approved a bond referendum for the issuance of \$26 million in General Obligation Bonds ("GO Bonds"). The GO Bonds were approved to be issued in an amount not to exceed \$21 million for the construction of the new police building and related improvements for a temporary police facility, and not to exceed \$5 million for the renovations to the Seminole Theatre to provide a cultural arts center for the City.

The GO Bonds were issued on September 11, 2014. General obligation bonds are direct obligations and pledge the full faith and credit of the City as a whole and not its individual funds. In each year the debt is outstanding, an ad valorem tax will be levied equal to principal and interest due. These bonds are issued as 30-year serial bonds, due in annual installments of \$340,000 to \$1,420,000 from July 1, 2015 to July 1, 2044; interest rates at 3% to 5%.

Debt Service Requirements to Maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2019	\$ 485,000	\$ 997,488	\$ 1,482,488
2020	510,000	973,238	1,483,238
2021	535,000	947,738	1,482,738
2022	565,000	920,988	1,485,988
2023	590,000	892,738	1,482,738
2024-2028	3,390,000	4,031,688	7,421,688
2029-2033	4,015,000	3,407,200	7,422,200
2034-2038	4,875,000	2,543,350	7,418,350
2039-2043	6,190,000	1,231,650	7,421,650
2044	<u>1,420,000</u>	<u>66,500</u>	<u>1,486,500</u>
Sub-Total	22,575,000	16,012,578	38,587,578
Plus: Unamortized Bonds Premium	<u>1,507,935</u>	-	<u>1,507,935</u>
Total	<u>\$ 24,082,935</u>	<u>\$ 16,012,578</u>	<u>\$ 40,095,513</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

B. Taxable Transportation System Revenue Bonds, Series 2017

On September 24, 2017, the City issued \$31,440,000 Taxable Transportation System Revenue Bonds to partially finance the cost of land acquisitions and construction for a parking garage/retail facility (Multimodal Transit Center) in the City's downtown.

The bonds are payable annually through July 1, 2047 in principal amounts ranging from approximately \$645,000 to \$1,725,000. Interest rates on the bonds range from 1.671% to 4.194%. The revenue bond indentures contain significant limitations and restrictions on annual debt service requirements. The City continually monitors compliance with all significant limitations and restrictions. The bonds will be repaid primarily from transportation surtax revenues and other non-advalorem revenues.

Debt Service Requirements to Maturity

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2019	\$ 645,000	\$ 1,154,363	\$ 1,799,363
2020	655,000	1,142,566	1,797,566
2021	670,000	1,128,562	1,798,562
2022	685,000	1,112,984	1,797,984
2023	700,000	1,095,346	1,795,346
2024-2028	3,835,000	5,149,596	8,984,596
2029-2033	4,580,000	4,413,011	8,993,011
2034-2038	5,545,000	3,442,562	8,987,562
2039-2043	6,765,000	2,222,516	8,987,516
2044-2047	6,495,000	694,946	7,189,946
	<u>\$ 30,575,000</u>	<u>\$ 21,556,452</u>	<u>\$ 52,131,452</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

C. Taxable Special Obligation Refunding Bonds

On August 3, 2003, the City issued \$14,075,000 Taxable Special Obligation Refunding Bonds (Homestead Motor Speedway Project (the Project)) to refinance a series of loans to the City from the City of Gulf Breeze's Florida Local Government Loan Program. The loans were made to finance the acquisition, construction and equipping of the Project. The bonds are secured by a Trust Estate as described in the indenture and are payable using lease payments from the motorsports lease contract. Interest accrues at the floating interest rate of LIBOR, (pursuant to the terms of an Interest Rate Swap agreement the City pays a fixed interest rate of 3.62%). Principal and interest are payable through November 1, 2018.

D. Homestead Economic and Rebuilding Organization (HERO) Tax Increment Revenue Refunding Bonds, Taxable Series 2003

On June 18, 2003, the City refunded the balance of the Homestead Economic and Rebuilding Organization (HERO) Increment Revenue Bonds, Taxable Series 1995 which had an outstanding balance of \$4,175,000 at the date of refunding, with the issuance of the Homestead Economic and Rebuilding Organization (HERO) Tax Increment Revenue Refunding Bonds, Series 2003. The resources provided to the City were used to defease the Series 1995 bonds, fund a debt service reserve account, pay costs of issuance and enter into an Interest Rate Swap agreement with respect to the Series 2003 bonds. Homestead Economic and Rebuilding Organization (HERO) Tax Increment Revenue Refinancing Bonds, Taxable Series 2003 at the floating interest rate of LIBOR plus 1%, (pursuant to the terms of the Interest Rate Swap agreement the City pays a fixed interest rate of 4.79%) maturing serially through April 30, 2020 in annual amounts of \$284,203, are secured by HERO net trust fund revenues and payable from the HERO/Tax Increment Debt Service Fund.

E. Interest Rate Swaps

Objective: As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, in 2003 the City entered into interest rate swaps in connection with its Series 2003 Taxable Special Obligation Refunding Bonds and its Series 2003 HERO Tax Increment Revenue Refunding Bonds (the Bonds). The intention of the swaps was to effectively change the City's variable interest rate on the bonds to a fixed rate of 3.62% and 4.79%, respectively.

Terms: Based on the swap agreements, the City pays a fixed rate of 3.62% and 4.79% to the counterparty to the swaps (SunTrust) and receives variable rate payments based on the interest rate.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

E. Interest Rate Swaps (Continued)

Fair value: As of September 30, 2018, the Taxable Special Obligation Bonds swap had a negative fair value of (\$682). As of September 30, 2018, the HERO Increment Revenue Bonds swap had a negative fair value of (\$7,959). The negative fair values were determined using Mark-to-Market Value and represents mid-market values. Pursuant to GASB Statement 53, the fair value of the swaps has been included in the government-wide statement of net position as long term debt and a corresponding deferred outflow of resources following hedge accounting.

Credit risk: As of September 30, 2018, the City was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty (SunTrust) was rated A2 by Moody's Investors Service, BBB+ by Standard and Poor's and A- by Fitch Ratings.

Basis risk: Basis risk arises when different indices are used in connection with a derivative. Municipal interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the actual market-determined variable rate paid on the bonds is called "basis risk." The execution of the swaps in 2003 with SunTrust (counterparty to the swap) exposed the City to Basis and Termination Risk. Effective March 1, 2008, pursuant to a "market disruption" as set forth in the International Swap Dealers Association (ISDA) Master Agreement, the Floating Rate Index on this transaction was converted from the Taxable Low Floater Rate to the Alternative Floating Index (USD-LIBOR BBA).

Termination risk: The derivative contracts use the International Swap Dealers Association (ISDA) Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreements includes an "additional termination event". That is, the swap agreements may be terminated by the counterparty if (i) the Covered Indenture terminates or ceases to be of full force and effect; or (ii) if the City fails to budget and appropriate from non-ad valorem funds amounts sufficient to satisfy any amounts due the counterparty under the agreement in any fiscal year. If the swaps are terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

E. Interest Rate Swaps (Continued)

The Taxable Special Obligation Bonds and the related swap agreement mature on November 1, 2018. The swap's notional amount was \$600,000 at September 30, 2018 and the rates were as follows:

<u>Taxable Special Obligation Bonds</u>	<u>Terms</u>	Percentage <u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.62000
Variable payment from counterparty	USD-LIBOR BBA	<u>(2.15254)</u>
Net interest rate swap payments		1.46746
Variable-rate bond coupon payments		<u>2.07000</u>
Synthetic interest rate on bonds		<u><u>3.53746</u></u>

The HERO Increment Revenue Bonds and the related swap agreement mature on April 30, 2020. The swap's notional amount was \$568,406 at September 30, 2018 and the rates were as follows:

<u>HERO Increment Revenue Bonds</u>	<u>Terms</u>	Percentage <u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.79000
Variable payment from counterparty	USD-LIBOR BBA plus 1%	<u>(3.24219)</u>
Net interest rate swap payments		1.54781
Variable-rate bond coupon payments		<u>3.17100</u>
Synthetic interest rate on bonds		<u><u>4.71881</u></u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

E. Interest Rate Swaps (Continued)

Swap payments and associated debt: As rates vary, variable-rate bond interest payments and net swap payments will vary. Using rates as of September 30, 2018, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows:

Taxable Special Obligation Refunding Bonds

	Variable Rate Bonds		(1)	Total
	Principal	Interest	Interest Rate Swap, Net	
Year ending September 30:				
2019	\$ 600,000	\$ 1,035	\$ 1,309	\$ 602,344
	<u>\$ 600,000</u>	<u>\$ 1,035</u>	<u>\$ 1,309</u>	<u>\$ 602,344</u>

(1) Computed: Fixed rate (3.62%) less variable payment from counter party (2.15254%) times amount outstanding.

Homestead Economic and Rebuilding Organization (HERO) Tax Increment Revenue Refunding Bonds, Taxable Series 2003

	Variable Rate Bonds		(1)	Total
	Principal	Interest	Interest Rate Swap, Net	
Fiscal year ending September 30:				
2019	\$ 284,203	\$ 14,444	\$ 7,050	\$ 305,697
2020	284,203	5,332	2,603	292,138
	<u>\$ 568,406</u>	<u>\$ 19,776</u>	<u>\$ 9,653</u>	<u>\$ 597,835</u>

(1) Computed: Fixed rate (4.79%) less variable payment from counter party (3.24219%) times amount outstanding.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

E. Interest Rate Swaps (Continued)

Consistent Critical Terms

The City has evaluated the swap agreements using the consistent critical terms method and found that both swap instruments meet the definition of effective cash flow hedges as follows:

<u>Taxable Special Obligation Bonds</u>		<u>Interest Rate Swaps</u>	
Bond principal	\$600,000	Notional	\$600,000
Maturity of bonds	11/1/2018	Termination	11/1/2018
Benchmark interest rate	LIBOR 1M (2.07000% @ 9/30/18)	Variable payment	LIBOR 1M (2.15254% @ 9/30/18)
Floor or cap	No	Floor of cap	No
Time interval of reference rate	Monthly	Time interval of reference rate	7 days
Frequency of rate resets	Weekly	Frequency of rate resets	Weekly
Rate reset dates	Wednesday	Rate reset dates	Wednesday
Coupon payment date	1st Wednesday of each month	Swap payment date	First day of each month

<u>HERO Increment Revenue Bonds</u>		<u>Interest Rate Swaps</u>	
Bond principal	\$568,406	Notional	\$568,406
Maturity of bonds	4/30/2020	Termination	4/30/2020
Benchmark interest rate	LIBOR plus 1% (3.17100% @ 9/30/18)	Variable payment	LIBOR plus 1% (3.24219% @ 9/30/18)
Floor or cap	No	Floor of cap	No
Time interval of reference rate	Monthly	Time interval of reference rate	Monthly
Frequency of rate resets	Monthly	Frequency of rate resets	Monthly
Rate reset dates	1st day of each month	Rate reset dates	1st day of each month
Coupon payment date	Last day of each January, April, July and October	Swap payment date	Last day of each January, April, July and October

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

F. Compensated Absences

Compensated absences represent the portion of the applicable funds' total estimated liability for employees' compensation for future absences. The estimated liability includes an accrual for salary related costs (employer's share of the social security and medicare taxes).

The estimated liability is measured using rates in effect at the balance sheet date; benefits are computed at the current salary rates at the time of payment. Upon separation from the City service, vacation leave is paid at 100% up to 360 hours for regular employees and 380 hours for police. Sick leave is paid at 50% to 100% depending on years of service, up to 800 hours for regular employees and 880 hours for police. The General Fund has primarily been used in prior years to liquidate the liability for compensated absences for governmental activities.

G. Equipment Financing

The City enters into financing agreements periodically to finance the purchase of City vehicles and other equipment such as computers. The value of capital assets acquired under new equipment financing during fiscal year 2018 for governmental activities totaled \$311,087 and none for business-type activities. The capital assets acquired under the equipment financing remain as collateral for repayment of the outstanding principal obligations. Future minimum payments and the present value of net minimum payments at September 30, 2018 are as follows:

Governmental equipment financing:

Fiscal year ending September 30:

2019	\$ 928,304
2020	781,595
2021	652,309
2022	452,321
2023	323,098
2024	<u>285,455</u>
Total minimum payments	3,423,082
Less amount representing interest	<u>230,288</u>
Present value of net minimum payments	<u>\$ 3,192,794</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

G. Equipment Financing (Continued)

Capital assets acquired through governmental equipment financings above are as follows:

Furniture, fixtures and equipment	\$ 5,190,708
Accumulated depreciation	<u>(2,187,471)</u>
Total	<u>\$ 3,003,237</u>

Business-type equipment financing::

Fiscal year ending September 30:

2019	\$ 311,942
2020	298,631
2021	298,631
2022	298,631
2023	298,631
2024-2026	<u>323,926</u>
Total minimum payments	1,830,392
Less amount representing interest	<u>175,790</u>
Present value of net minimum payments	<u>\$ 1,654,602</u>

Capital assets acquired through business-type equipment financing above are as follows:

Furniture, fixtures and equipment	\$ 127,109
Accumulated depreciation	<u>(114,393)</u>
Total	<u>\$ 12,716</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities *(Continued)*

H. HUD Section 108 Loan

In 2017, the City entered into an agreement with U.S. Department of Housing and Urban Development (HUD) for a Section 108 loan to provide funding for the new Library/Cybrary Project. The total amount of the loan is \$3,865,000, which is the maximum allowable amount based on the City's Community Development Block Grant (CDBG) allocation. The loan is repaid over 20 years and the payments consist of principal (approximately \$194,000 annually) and interest (approximately \$67,000 annually).

The City began drawing on the loan prior to the commencement of construction, \$194,000 in FY2017 and \$194,000 in FY2018, in order to be in compliance with the loan requirements and to keep the loan active. The drawdown period for the loan expires in September 2019, at which time it will convert to a fixed term loan.

I. New Market Tax Credit (NMTC) Bridge Loan

In June 2018, the City arranged New Market Tax Credit ("NMTC") financing toward the construction of the parking garage project (the "Project") in downtown Homestead. NMTC is a program of the Community Development Financial Institutions Fund ("CDFI Fund"), a division of the U.S. Department of the Treasury. Under the NMTC program, an investor can receive a federal income tax credit for making a qualified equity investments ("QEI") in a Community Development Entity ("CDEs") that has been certified and granted allocations by the CDFI Fund. The funds provided by these investors are used to provide favorable debt or equity financing to qualified borrowers in connection with qualifying projects located in low-income communities. The NMTC compliance period is for seven years ("Compliance Period") during which time substantially all of the QEI must be invested in qualified low income community investments ("QLICs"), the majority of which take the form of investments in borrowers that must maintain their status as a qualified active low-income community business as specified in the Treasury Regulations.

The City formed Homestead Station QALICB, Inc. (the "QALICB"), a Florida nonprofit corporation, in connection with the purchase and development of the Project. On June 27, 2018, the City obtained a loan from Capital One, National Association, a national banking association, in the principal amount of \$12,829,100 (the "Bridge Loan"). Interest on the Bridge Loan accrues at a rate of 1.00% plus LIBOR Rate per annum. Commencing on June 10, 2018 and continuing on the tenth (10th) day of each March, June, September and December (the "Payment Dates") thereafter through and including June 27, 2020 (the "Maturity Date"), payments of interest only shall be due and payable, partially in arrears and partially in advance for the calendar quarter in which each Payment Date occurs. On the maturity date, the entire outstanding principal balance is due and payable. The Bridge Loan is secured by the Collateral as defined in the Pledge and Security Agreement dated June 27, 2018.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

I. New Market Tax Credit (NMTC) Bridge Loan (Continued)

The purpose of the Bridge Loan was to make a “Leverage Loan” of \$10,766,000 to COCRF Investor 129, LLC with the remaining funds used for other purposes for the Project. The planned source of funds to pay off the Bridge Loan is coming from the QALICB as it reimburses the City for construction costs.

Future principal and interest payments are expected to be as follow:

Debt Service Requirements to Maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2019	\$ -	\$ 335,785	\$ 335,785
2020	12,829,100	212,358	13,041,458
	<u>\$ 12,829,100</u>	<u>\$ 548,143</u>	<u>\$ 13,377,243</u>

J. \$10 million Loan for New City Hall

On June 18, 2014, the City Council adopted a Resolution accepting the proposal from Capital Bank, N.A. to provide a portion of the financing for the New City Hall in the form of a line of credit in an amount not to exceed ten million dollars at a fixed rate of 1.6%.

The line of credit was fully drawn down upon the completion of the New City Hall. On August 7, 2016, the City converted the line of credit to a five-year bank loan at a fixed rate of 2.55%. The bank loan has the option to be prepaid without penalty.

Debt Service Requirements to Maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2019	\$ 409,497	\$ 229,313	\$ 638,810
2020	420,058	218,752	638,810
2021	8,350,101	191,009	8,541,110
	<u>\$ 9,179,656</u>	<u>\$ 639,074</u>	<u>\$ 9,818,730</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Business-type Activities

The following is a summary of changes in business-type long-term liabilities at September 30, 2018:

	Beginning Balance as originally stated	Prior Period Adjustment to OPEB due to GASB 75	Beginning Balance as restated	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:							
Electric Utility Bond 2004	\$ 1,597,495	\$ -	\$ 1,597,495	\$ -	\$ 495,008	\$ 1,102,487	\$ 687,424
Total bonds payable	1,597,495	-	1,597,495	-	495,008	1,102,487	687,424
Compensated absences	1,522,196	-	1,522,196	823,787	806,636	1,539,347	461,804
Equipment financing obligation	39,322	-	39,322	1,641,379	26,099	1,654,602	262,993
Other long-term liabilities	1,470,000	-	1,470,000	-	490,000	980,000	490,000
Notes Payable	-	-	-	15,615,000	-	15,615,000	-
Net pension liability	6,361,747	-	6,361,747	74,892	188,023	6,248,616	-
Total OPEB obligation	4,408,329	842,337	5,250,666	200,990	-	5,451,656	-
Business-type activities long-term liabilities	\$ 15,399,089	\$ 842,337	\$ 16,241,426	\$ 18,356,048	\$ 2,005,766	\$ 32,591,708	\$ 1,902,221

A. *Electric Utility Bonds, Series 2004*

On December 23, 2004, \$8,000,000 of Electric Utility Bonds, Series 2004 were issued for use in the construction of an electric substation. Interest is at 3.85% and the bonds are payable annually through January 1, 2020 in principal amounts ranging from approximately \$415,000 to \$690,000.

Debt Service Requirements to Maturity

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2019	\$ 687,424	\$ 28,139	\$ 715,563
2020	415,063	2,347	417,410
Total	\$ 1,102,487	\$ 30,486	\$ 1,132,973

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Business-type Activities (Continued)

B. Other Long-Term Liabilities

Settlement Agreement

On July 26, 2011, the City Council approved a settlement agreement between the City and Michael Latterner, as trustee of the Keys Gate Trust, to terminate the 1993 and 1989 Village of Homestead (VOH) Agreements which imposed certain development obligations on the City and Latterner. Under the settlement agreement, the City agreed to pay Latterner the sum of \$4,900,000 in ten installments of \$490,000 each over a period of ten years with the first installment of \$490,000 due within 60 days after the Council approved the agreement. The payments are due annually beginning on January 1, 2012 and on January 1 of each succeeding year until the balance is paid in full. The City's Water and Sewer Fund is used to fund these payments. Below is the schedule of the remaining installment payments.

Fiscal year ending September 30:

2019	\$ 490,000
2020	490,000
Total	<u>\$ 980,000</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. LONG-TERM LIABILITIES (Continued)

Pledged Revenues

The City issues debt that is secured by a pledge of specific revenues. Total pledged revenue that collateralizes the repayment of principal and interest on the debt as of September 30, 2018 are as follows:

Governmental Activities:

Source of Revenue Pledged	Management Agreement Revenues
Description of debt	Taxable Special Obligation Refunding Bonds
Purpose of debt	Advance Refunding Gulf Breeze, Florida Local Government Loan Program
Current revenue pledged	\$1,000,000
Total debt service to maturity (1)	\$602,344
Term of commitment	2003-2019
Current year debt service	\$574,696
Percentage of debt service to pledged revenues (current year)	57%

Business-type Activities:

Source of Revenue Pledged	Net Electric Utility Revenues
Description of debt	Electric Utility Bonds
Purpose of debt	Substation Construction
Current revenue pledged	\$3,471,226
Total debt service to maturity (1)	\$1,132,973
Term of commitment	2004-2020
Current year debt service	\$554,775
Percentage of debt service to pledged revenues (current year)	16%

(1) Total future principal and interest payments. For variable rate debt, based on interest rate in effect at September 30, 2018. It is expected that debt service to maturity will approximate the same percentage of debt service to pledged revenues on an annual basis through maturity.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. OTHER LIABILITIES

Amounts recorded as other liabilities in the New City Hall Fund of \$156,250 represent amounts from the proceeds from the original sale of land held for estimated obligations related to the New City Hall project.

NOTE 10. SELF-INSURANCE PROGRAMS

The City is exposed to various risks of loss including public liability, workers' compensation and property and casualty. The City administers its self-insurance program through two internal service funds, the Workers' Compensation Fund and the Self-Insurance Fund, which are combined for financial statement presentation. All operating departments of the City participate in the program and make payments to the self-insurance funds. The self-insurance funds allocate the cost of providing claims servicing and claims payment by charging these departments a pro rata share of these costs, based on a percentage of each operating departments estimated current year payroll and also by the actual property insurance paid by the Self-Insurance Fund.

The self-insurance fund liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but have not been reported. Because actual claims liabilities depend on a number of factors, the process used in computing claims liability does not result in an exact amount. Claims liabilities are re-evaluated annually to incorporate claims settlements, court decisions and additional information as determined by a self-insurance actuarial review performed by outside consultants.

A claims liability of approximately \$3,608,000 was actuarially determined by an outside actuary at September 30, 2018. Changes in liabilities during the years ended September 30, 2018 and 2017 are presented in the following table:

	Liability at Beginning <u>Year</u>	Current Year <u>Claims</u>	Claim <u>Payments</u>	Liability at End <u>of Year</u>
<u>2018</u>				
Worker's compensation	\$ 1,244,563	\$ 351,474	\$ 427,053	\$ 1,168,984
General and auto liabilities	3,283,965	612,570	1,457,172	2,439,363
2017 Total	<u>\$ 4,528,528</u>	<u>\$ 964,044</u>	<u>\$ 1,884,225</u>	<u>\$ 3,608,347</u>
<u>2017</u>				
Worker's compensation	\$ 1,636,294	\$ 431,427	\$ 823,158	\$ 1,244,563
General and auto liabilities	2,594,920	1,532,501	843,456	3,283,965
2017 Total	<u>\$ 4,231,214</u>	<u>\$ 1,963,928</u>	<u>\$ 1,666,614</u>	<u>\$ 4,528,528</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 10. SELF-INSURANCE PROGRAMS (Continued)

The Self-Insurance Fund accounts for the following lines of coverage:

Workers' Compensation – Since 1985, the City has provided workers' compensation coverage through self-insurance and purchased excess insurance commercially. The City's self-insured retention has been \$250,000 per occurrence since October 2014.

General and Automobile Liabilities – The City's primary policy for its liability risks has a \$6,000,000 general aggregate with a \$100,000 self-insured retention deductible per occurrence. There have been no judgements or settlement of claims during the past three years that have exceeded the City's commercial insurance limits. This self-insurance program was created in 1977 and is subject to the limitations of sovereign immunity.

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS

The City is the sponsor of five single-employer Public Employee Retirement Systems (PERS) that are administered by the City to provide pension benefits to its employees. The City contributes to the General Employees' Retirement Plan (GERP), the Police Officers' Retirement Plan (PORP), the Firefighters' Retirement System (HFRS), the Elected Officials' Retirement Plan (EORP), and the New Elected Officials' and Senior Management Retirement System (NEOSMRS), which are all defined benefit pension plans.

The information reported below is a brief summary of information reported in more detail in the independently published financial statements for each pension plan. Separate financial statements for each of these Plans may be obtained by contacting the Board of Trustees c/o City of Homestead, 100 Civic Court, Homestead, FL 33030.

Basis of Accounting

The financial statements of each Plan are prepared using the accrual basis of accounting. Employee and employer contributions to the Plans are recognized when due rather than when incurred and the employer has made a formal commitment to provide the contributions. Expenditures incurred, benefits and refunds owed are recognized when due and payable in accordance with the terms of the Plans rather than when paid.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

Plan Membership Information

As of the various dates of the latest actuarial evaluation for each of the Plans, the membership consisted of:

	General Employees' Retirement <u>Plan*</u>	Police Officers' Retirement <u>Plan</u>	Elected Officials' Retirement <u>Plan*</u>	New Elected Officials' and Senior Management Retirement <u>System</u>	Firefighters' Retirement <u>System*</u>
Inactive plan members or beneficiaries currently receiving benefits	206	93	3	4	11
Inactive plan members entitled to but not yet receiving benefits	42	5	4	1	-
Active plan members	<u>133</u>	<u>87</u>	<u>1</u>	<u>6</u>	<u>-</u>
Total	<u><u>381</u></u>	<u><u>185</u></u>	<u><u>8</u></u>	<u><u>11</u></u>	<u><u>11</u></u>

Note: * Plans are closed to new members.

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP)

Plan Description

The City maintains a single employer defined benefit pension system established by City Ordinance No. 85-11-107 dated December 3, 1985, as amended, which covers substantially all of the City employees except for elected officials, senior management, and police officers. Membership begins on the date of hire. GERP provides retirement, disability and death benefits to members and beneficiaries. A more detailed description of the Plan and its provisions appear in ordinances constituting the Plan and in the summary Plan description. The Plan year end is September 30, 2018. The Plan issues a publicly available financial statement that includes fiduciary financial statements and required supplementary information. The financial statements may be obtained by writing to: Board of Trustees – General Employees' Retirement Plan, c/o City of Homestead, Finance Department, 100 Civic Court, Homestead, FL 33030.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Eligibility

All regular full-time employees of the City who agree to make employee contributions plus hospital employees who elected to stay in the Plan in 1990 are eligible. Part-time employees are not covered. Participation was mandatory for all employees hired on and after July 1, 2000. The City Council adopted Ordinance no. 2009-04-13 to close membership to new employees hired on or after April 1, 2009.

Service Retirement Benefits

Upon normal retirement, a participant will receive a monthly pension of 3% of the final average earnings (FAE), which is the base salary and longevity during the last sixty (60) months of continuous employment times the number of years and completed months of continuous service as a participant. There is no cap on maximum benefits.

Early Retirement

A member may retire early after attaining age 55 and completing 10 years of service. Benefits are reduced by 1/6% for each month prior to normal retirement date.

Disability Benefits

A participant is eligible for disability benefits after ten (10) or more years of credited service and if totally and permanently disabled. Disability benefits include the accrued benefit or 35% of FAE, whichever is greater, subject to a cap of 100% of FAE on benefits from this Plan including social security, worker's compensation, or other similar benefits.

Funding Policy

The City is required to contribute an actuarially determined amount that, when combined with participants' contributions, will fully provide for all benefits as they become payable. The funding policy can only be amended by authorization of the City Council. Participants are required to contribute 4% of annual earnings. The City's required contribution is based on the actuarial report using the percentage of covered payroll.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Investments

The Board of Trustees has developed certain investment guidelines and has retained investment managers to implement the investment objectives. The investment managers are expected to maximize the return on the investment portfolio and may make transactions consistent with that expectation pursuant to the Board's guidelines.

The investment balances held by the Plan as of September 30, 2018 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More than 10 Years</u>
Cash and short-term investments	\$ 2,446,356	\$ 2,446,356	\$ -	\$ -	\$ -
Fixed income	28,671,634	542,824	14,365,919	13,762,891	-
Sub-total	31,117,990	\$ 2,989,180	\$ 14,365,919	\$ 13,762,891	\$ -
Hedge funds	2,968,198				
Mutual funds-equity	7,156,158				
Common Stocks	42,272,959				
Limited partnerships	544,077				
Total cash and investments	\$ 84,059,382				

Interest Rate Risk – Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a7-like pool. The Plan's investment policy established benchmarks based on credit quality and duration. The benchmarks are monitored and changed when warranted by the investment market environment. Fixed income portfolios are structured and managed to produce returns based on risk inherent in the selected benchmarks.

The Plan's investment policy currently does not allow for investments in fixed income securities with a maturity in excess of 30 years. As of September 30, 2018, the weighted average maturity of the fixed income portfolio was 5.35 years.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan limits its credit risk by limiting its purchases of investments in fixed income securities to U.S. Government and agency securities or corporate bonds which meet or exceed a credit rating of BBB for Standard & Poor's or a BAA for Moody's. However, the investment policy does not force an investment sale in the event that there is a credit rating cut by either of the rating agencies. The investments in the portfolio that are currently rated below BBB or BAA had a rating in compliance with the policy at the time of purchase.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Investments (Continued)

The following table provides a summary of the fixed income investment balances by credit rating.

<u>S&P Rating</u>	<u>Percentage of Fixed Income</u>	<u>Fair Value</u>
BB+	11.18%	\$ 3,206,020
BBB+	41.68%	11,949,609
BBB	39.41%	11,298,404
BBB-	<u>7.73%</u>	<u>2,217,601</u>
	<u>100.0%</u>	<u>\$ 28,671,634</u>

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of investment or collateral securities that are held by the counterparty. The Plan has third party custodian arrangements with financial institutions to accept securities on a delivery vs payment basis for direct purchase agreements. All securities purchased by the Plan are designated as an asset of the Plan in the Plan's name and are held in safekeeping by the Plan's custodian bank or a third party custodian institution.

Concentration of Credit Risk – GASB standards require disclosure of investments in any one issuer that represents five percent (5%) or more of the total of the Plan's net position. The Plan's investment policy places investment limitations and provides target allocations to its investment managers to limit credit risk due to concentration. The Plan's investment policy limits investments in any one issuer of common stock or corporate bond to no more than 5% and 10% of the Plan's total assets; respectively. However there are no limitations in government securities. As of September 30, 2018, none of the Plan's investments were held with any single issuer that represents 5% or more of the Plan's net position.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Investments (Continued)

Fair Value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following is a description of the valuation methodologies used for the Plan's investments measured at fair value:

- Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates. This includes common stock and equity mutual funds.
- Fixed income securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes government securities, corporate bonds, and mortgage backed securities.
- Hedge funds are valued based on the net asset value per share, without further adjustment. Net asset value is based upon the fair value of the underlying investment.
- Money market funds are valued at fair value using amortized cost which approximated fair value.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Investments (Continued)

The Plan has the following recurring fair value measurements as of September 30, 2018:

<u>Investments Type</u>	<u>Fair Value</u> as of 9/30/2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income	\$ 28,671,634	\$ -	\$ 28,671,634	\$ -
Equity mutual funds	\$ 7,156,158	7,156,158		
Common stocks	42,272,959	42,272,959	-	-
Total fair value	\$ 78,100,751	\$ 49,429,117	\$ 28,671,634	\$ -
<u>Investment measured at net asset value (NAV) (a)</u>				
Hedge funds	\$ 2,968,198			
Limited partnerships	544,077			
Total investments @NAV	\$ 3,512,275			
Total investments	\$ 81,613,026			

(a) As required by GAAP, certain investments that are measured at net asset value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the total investment line item in the Statement of Fiduciary Net Position.

The following table summarizes investments that uses NAV per share to value investments, including unfunded commitments and restrictions:

Net Asset Value Measurement at Reporting Date					
<u>Investments Type</u>		<u>Fair Value</u> 9/30/2018	<u>Unfunded</u> <u>Commitments</u>	<u>Redemption</u> <u>Frequency</u>	<u>Redemption</u> <u>Notice period</u>
Hedge Funds	(1)	\$ 2,968,198	N/A	Quarterly	75 days
Limited Partnerships	(2)	\$ 544,077	1,813,161	N/A	N/A

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Investments (Continued)

(1) Investments in private investment companies (the “investee funds”), are valued, as a practical expedient, utilizing the net asset valuations provided by the underlying investee fund without adjustment, when the net asset valuations of the investments are calculated (or adjusted by the fund if necessary) in a manner consistent with GAAP for investment companies. The fund applies the practical expedient to its investments in investee funds on an investment-by-investment basis, and consistently with the fund’s entire position in a particular investment, unless it is probable that the fund will sell a portion of an investment at an amount different from the net asset valuation. If it is probable that the fund will sell an investment at an amount different from the net asset valuation or in other situations where the practical expedient is not available, the fund considers other factors in addition to the net asset valuation, such as features of the investment, including subscription and redemption rights, expected discounted cash flows, transactions in secondary markets, bids received from potential buyers, and overall market conditions in its determination of fair value.

The underlying investee funds value securities and other financial instruments on a mark-to-market or other estimated fair value basis. The estimated fair values of substantially all of the investments of the underlying investee funds, which may include securities for which prices are not readily available, are determined by the general partner or management of the respective underlying investee funds and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair value may differ from the values that would have been used had a ready market existed for these investments.

(2) Portfolio Advisors Private Equity Fund IX, L.P. (the “Domestic Fund”) and Portfolio Advisors Private Equity Fund IX (Offshore), L.P. (the “Offshore Fund”) seek to offer their investors participation in high quality private equity funds and co-investments managed by leading private equity fund managers. The terms of the Domestic Fund and the Offshore Fund are generally the same, except where noted, and references to the “Fund” in this Confidential Private Placement Memorandum (the “Memorandum”) should be understood as referring to the terms of, or other disclosures that relate to, each of the Domestic Fund, the Offshore Fund and Portfolio Advisors Private Equity Fund IX Intermediate, L.P. (the “Intermediate Partnership”), as the context requires. The Fund is sponsored by Portfolio Advisors, LLC (“Portfolio Advisors” or, together with its affiliates, the “Investment Manager”), which may also sponsor and manage certain alternative parallel and/or special purpose feeder vehicles that invest in or alongside the Fund, including, but not limited to a special purpose vehicle organized in Ireland.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Net Pension Liability

The City's net pension liability was measured by the actuarial valuation as of October 1, 2016 and rolled forward to the September 30, 2017 (measurement date). The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Methods and assumption used to determine net pension liability:

Actuarial Cost Method	Entry Age Normal
Salary increase	5.0%
Investment rate of return	6.75%
Retirement Age	Experience-base table of rates that are specific to the type of eligibility condition.
Mortality	RP-2000 Mortality Table with collar adjustments and generational projections using scale BB as used by the Florida Retirement System for the Regular Class members in the July 1, 2016 actuarial valuation.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using estimates of forward-looking average annual returns across all asset classes. These projections were developed using a 10 year forward-looking time horizon, interest rates, inflation, the equity risk premium, and the relative out performance of certain asset classes. Based on the Monte Carlo simulations, the best estimates of real return for each asset class included in the pension plan's target allocation as of September 30, 2018 are summarized in the following table:

<u>Asset Group</u>	<u>Long-Term Expected Real rate of return</u>
Fixed Income	3.91%
U.S. Large Cap Equity-Growth	5.50%
U.S. Large Cap Equity-Value	5.90%
U.S. Small Cap Equity	6.22%
International Equity	7.55%
Private Real Estate	6.76%
Private Equity	8.66%

Discount rate: A single discount rate of 6.75% was used to measure the total pension liability. This single discount rate was based on the expected rate on pension plan investments of 6.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.75%) was applied to all periods of projected benefit payments to determine the total pension liability

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Net Pension Liability (Continued)

Changes in Net Pension Liability:

	General Employees' Retirement Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Total pension liability - beginning 9/30/2016	\$ 83,997,656	\$ 74,271,912	\$ 9,725,744
Changes for the year:			
Service Cost	1,667,916	-	1,667,916
Interest on the total pension liability	5,674,844	-	5,674,844
Difference between expected and actual experience of the total pension liability	557,519	-	557,519
Changes of assumptions	1,956,133		1,956,133
Contributions - employer	-	2,505,891	(2,505,891)
Contributions - employee	-	360,501	(360,501)
Net investment income	-	6,830,581	(6,830,581)
Benefit payments	(3,157,304)	(3,157,304)	-
Refunds	(30,307)	(30,307)	-
Pension plan administrative expense	-	(114,280)	114,280
Net change in total pension liability	6,668,801	6,395,082	273,719
Total pension liability - ending 9/30/2017	<u>\$ 90,666,457</u>	<u>\$ 80,666,994</u>	<u>\$ 9,999,463</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City calculated using the current discount rates (6.75%) and the liability using discount rates that are one percentage point lower (5.75%) and one percentage point higher (7.75%) than the current rates:

	General Employees' Retirement Plan		
	Current		
	1% Decrease	discount rate	1% Increase
	5.75%	6.75%	7.75%
Net pension liability	\$ 20,759,248	\$ 9,999,463	\$ 1,078,365

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

A. GENERAL EMPLOYEES' RETIREMENT PLAN (GERP) (Continued)

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pension

For the fiscal year ended September 30, 2018 but based on a measurement date of September 30, 2017, the City recognized a reduction to GERP pension expense of \$497,135. This amount is included as a reduction to personal services expenses within the functional program activities.

At September 30, 2018, the City reports deferred outflows and inflows of resources related to the GERP as follows:

	<u>General Employees' Retirement Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 292,034	\$ 134,588
Changes in assumptions	1,024,641	
Contributions subsequent to measurement date	2,794,643	-
Net difference between projected and actual earnings on pension plan investments	<u>1,184,756</u>	<u>3,458,066</u>
Total	<u>\$ 5,296,074</u>	<u>\$ 3,592,654</u>

Deferred outflows of resources related to the GERP, totaling \$2,794,643, resulting from the City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2019.

Other amounts reported as deferred outflows of resources and as deferred inflows of resources related to GERP will be recognized as pension expense as follows:

<u>Year Ending September 30,</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ 388,244
2020	(200,503)
2021	(912,579)
2022	<u>(366,385)</u>
	<u>\$ (1,091,223)</u>

The schedule of changes in the City's net pension liability and related ratios and the schedule of contributions, are presented as Required Supplementary Information (RSI) following the notes to the financial statements, provide additional information about the net pension liability, plan assets and contribution.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS' RETIREMENT PLAN (PORP)

Plan Description

The City maintains a single employer defined benefit pension Plan established by City Ordinance No. 87-06-38 as amended for the police officers of the City. Membership begins on the date of hire. PORP provides retirement, disability and death benefits to police officers of the City. A more detailed description of the Plan and its provisions appear in ordinances constituting the Plan and in the summary Plan description. The Plan year end is September 30, 2018. The Plan issues a publicly available financial statement that includes fiduciary financial statements and required supplementary information. The financial statements may be obtained by writing to: Board of Trustees – Police Officers' Retirement Plan, c/o City of Homestead, Finance Department., 100 Civic Court, Homestead, FL 33030.

Eligibility

All regular permanent City of Homestead employees classified as police personnel.

Service Retirement Benefits

Upon normal retirement, a participant will receive 3.5% of the average of compensation during the highest 5 years out of the last 10 years of credited service prior to termination or retirement, multiplied by years of credited service to a maximum of 80% of average final compensation. Compensation used for the calculation of benefits under the Plan includes (1) base pay, (2) workers' compensation benefits and supplements, (3) longevity pay, (4) accumulated leave pay not to exceed 5% of an employee's base pay during the highest 5 years of employment prior to retirement, and (5) up to 254 hours for overtime compensation received during the highest 5 years of employment prior to retirement.

Early Retirement

A member may retire early after attaining age 50 and completing 10 years of service. Benefits are reduced by 2 1/3% for each year by which the early retirement date precedes the normal retirement date.

Disability Benefits

A participant with more than 5 years of credited service who becomes totally and permanently disabled in the line of duty and unable to render useful and efficient service as a police officer is eligible for a disability benefit equal to the participant's normal retirement benefits calculated in accordance with section 22.5-68.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS' RETIREMENT PLAN (PORP) (Continued)

Funding Policy

The City is required to contribute an actuarially determined amount that, when combined with participants' contributions and contributions from the State of Florida, will fully provide for all benefits as they become payable. The State of Florida contributions are recorded as revenues and expenditures in the City of Homestead's General Fund. Members of the Plan are required to contribute 7.65% of their base salary and overtime of up to two hundred fifty-four (254) hours.

Investments

The Board of Trustees has developed certain investment guidelines and has retained investment managers to implement the investment objectives. The investment managers are expected to maximize the return on the investment portfolio and may make transactions consistent with that expectation pursuant to the Board's guidelines. The investment balances held by the Plan as of September 30, 2018 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More than 10 Years</u>
Cash equivalents	\$ 1,467,212	\$ 1,467,212	\$ -	\$ -	\$ -
Fixed income	36,201,233	853,353	16,637,638	10,432,841	8,277,401
Sub-total	37,668,445	<u>\$ 2,320,565</u>	<u>\$ 16,637,638</u>	<u>\$ 10,432,841</u>	<u>\$ 8,277,401</u>
Common Stocks	59,394,154				
Total cash and investments	<u>\$ 97,062,599</u>				

Interest Rate Risk – Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a7-like pool. The Plan's investment policy established benchmarks based on credit quality and duration. The benchmarks are monitored and changed when warranted by the investment market environment. Fixed income portfolios are structured and managed to produce returns based on risk inherent in the selected benchmarks.

The Plan's investment policy currently does not allow for investments in fixed income securities with a maturity in excess of 30 years. As of September 30, 2018 the weighted average maturity of the fixed income portfolio was 7.73 years.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS' RETIREMENT PLAN (PORP) (Continued)

Investments (Continued)

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan limits its credit risk by limiting its investments in fixed income investments to those rated BBB- or higher. The following table provides a summary of the fixed income investment balances by credit rating.

<u>S&P</u> <u>Rating</u>	Percentage of Fixed <u>Income</u>	<u>Fair Value</u>
A	1.38%	\$ 500,940
A-	7.13%	2,582,140
AA+	53.84%	19,489,520
AA-	1.38%	499,495
AAA	2.79%	1,010,059
B+	0.85%	306,750
B	0.72%	259,688
BB+	1.95%	705,000
BB-	0.65%	236,678
BB	0.50%	182,263
BBB+	8.46%	3,060,993
BBB	8.82%	3,192,258
BBB-	11.53%	4,175,449
	<u>100.0%</u>	<u>\$ 36,201,233</u>

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event failure of counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are held by the counterparty. The Plan has third party custodian arrangements with financial institutions to accept securities on a delivery vs payment basis for direct purchase agreements. All securities purchased by the Plan are deposited as an asset of the Plan in the Plan's name and held in safekeeping by the Plan's custodian bank or a third party custodian institution.

Concentration of Credit Risk – GASB Standardst requires disclosure of investments in any one issuer that represents 5% or more of the total of the Plan's net position. The Plan's investment policy places investment limitations and provides target allocations to its investment managers to limit credit risks due to concentration. The Plan's investment policy limits investments in any one issuer of common stock or corporate bond to no more than 5% of the Plan's total assets. However, there are no limitations in government securities. As of September 30, 2018, none of the Plan's investments were held with any single issuer that represents 5% or more of the Plan's investments.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS' RETIREMENT PLAN (PORP) (Continued)

Investments (Continued)

Fair Value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following is a description of the valuation methodologies used for the Plan's investments measured at fair value.

- Cash equivalents which consist of investments with original maturities of three (3) months or less are reported at cost which approximates fair value.
- Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates. This includes common stock and equity mutual funds.
- Fixed income securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes government securities, corporate bonds, and mortgage backed securities.

The Plan has the following recurring fair value measurements as of September 30, 2018:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments Type</u>	<u>Fair Value as of 9/30/2018</u>			
Fixed income	\$ 36,201,233	\$ 15,801,955	\$ 20,399,278	\$ -
Common stocks	59,394,154	59,394,154	-	-
Total fair value	<u>\$ 95,595,387</u>	<u>\$ 75,196,109</u>	<u>\$ 20,399,278</u>	<u>\$ -</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS' RETIREMENT PLAN (PORP) (Continued)

Net Pension Liability

The City's net pension liability was measured by the actuarial valuation as of October 1, 2016 and rolled forward to the September 30, 2017 (measurement date). The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Methods and assumption used to determine net pension liability:

Actuarial Cost Method	Entry Age Normal
Salary increase	5.80% to 9.80% depending on service
Investment rate of return	7.60%
Retirement Age	Upon eligibility
Mortality	RP-2000 Mortality Table with collar adjustments and generational projections using scale BB as used by the Florida Retirement System for the Special Risk Class members in the July 1, 2016 actuarial valuation.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using the long-term nominal building block data less the long-term inflation assumption of 2.5%. The building block long-term real return projections were developed considering the long-term historic capital market returns, 10-15 year expected capital market return assumptions, as well as, historical, current, and expected inflation data. Best estimates of arithmetic real return for each asset class included in the pension plan's target allocation as of September 30, 2018 are summarized in the following table:

<u>Asset Group</u>	<u>Long-Term Expected Real rate of return</u>
Domestic Equity	7.5%
International Equity	8.5%
Domestic Bonds	2.5%

Discount rate: A single discount rate of 7.60% was used to measure the total pension liability. This single discount rate was based on the expected rate on pension plan investments of 7.60%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.60%) was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS' RETIREMENT PLAN (PORP) (Continued)

Net Pension Liability (Continued)

Changes in Net Pension Liability:

	Police Officers' Retirement Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Total pension liability - beginning 9/30/2016	\$ 101,687,839	\$ 81,781,384	\$ 19,906,455
Changes for the year:			
Service Cost	2,457,445	-	2,457,445
Interest on the total pension liability	7,779,407	-	7,779,407
Difference between expected and actual experience of the total pension liability	(1,061,534)	-	(1,061,534)
Changes of assumptions	3,284,117		3,284,117
Contributions - employer	-	3,996,869	(3,996,869)
Contributions - employer (from state)	-	577,817	(577,817)
Contributions - employee	-	663,039	(663,039)
Net investment income	-	9,517,349	(9,517,349)
Benefit payments	(3,546,301)	(3,546,301)	-
Refunds	(23,031)	(23,031)	-
Pension plan administrative expense	-	(103,626)	103,626
Net change in total pension liability	8,890,103	11,082,116	(2,192,013)
Total pension liability - ending 9/30/2017	<u>\$ 110,577,942</u>	<u>\$ 92,863,500</u>	<u>\$ 17,714,442</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City calculated using the current discount rate (7.60%) and the liability using discount rates that are one percentage point lower (6.60%) and one percentage point higher (8.60%) than the current rates:

	Police Officers' Retirement Plan		
	Current		
	1% Decrease 6.60%	discount rate 7.60%	1% Increase 8.60%
Net pension liability	\$ 30,965,395	\$ 17,714,442	\$ 6,928,261

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

B. POLICE OFFICERS' RETIREMENT PLAN (PORP) (Continued)

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pension

For the fiscal year ended September 30, 2018 but based on a measurement date of September 30, 2017, the City recognized a reduction to the Plan's pension expense of \$193,836. This amount is included as a reduction to personal services expenses within the functional program activities.

At September 30, 2018, the City reports deferred outflows and inflows of resources related to the PORP as follows:

	Police Officers' Retirement Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 801,827	\$ 719,104
Change in assumptions	2,626,834	-
Contributions subsequent to measurement date	4,648,788	-
Net difference between projected and actual earnings on pension plan investments	2,183,468	3,953,059
Total	<u>\$ 10,260,917</u>	<u>\$ 4,672,163</u>

Deferred outflows of resources related to the PORP, totaling \$4,648,788, resulting from the City and State contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2019.

Other amounts reported as deferred outflows of resources and as deferred inflows of resources related to PORP will be recognized as pension expenses as follows:

<u>Year Ending September 30,</u>	Net Deferred Outflows of Resources
2019	\$ 1,010,608
2020	1,255,288
2021	(677,431)
2021	(648,499)
	<u>\$ 939,966</u>

The schedule of changes in the City's net pension liability and related ratios and the schedule of contributions, are presented as Required Supplementary Information (RSI) following the notes to the financial statements, provides additional information about the net pension liability, plan assets and contributions.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP)

Plan Description

The City maintains a single-employer defined benefit pension Plan established by City Ordinance 98-05-18 dated June 1, 1998 as amended, which was established to provide retirement benefits to elected officials. A more detailed description of the Plan and its provisions appears in the Ordinances constituting the Plan and in the summary Plan description. The Plan year end is December 31, 2017. The Plan issues a publicly available financial statement that includes fiduciary financial statements and required supplementary information. The financial statements may be obtained by writing to: Board of Trustees - Elected Officials' Retirement Plan, c/o City of Homestead, Finance Department, 100 Civic Court, Homestead, FL 33030.

In February 18, 2002, the City established The City of Homestead Elected Officials and Senior Management Retirement Plan (NEW Plan), which included senior management employees effective March 21, 2005 and closed the EORP to new members.

Eligibility

Elected Officials of the City of Homestead elected prior to February 18, 2002. No new participants entered the Plan after February 18, 2002.

Service Retirement Benefits

Upon normal retirement, a participant will receive an annual pension benefit equal to 20% of the annual average compensation paid during the highest three years of service. For any service beyond the four years required to vest in the retirement system, the pension shall be increased by 5% of annual average compensation for each and every year of service to a maximum of twenty years and an annual pension equal to 100% of annual average compensation. Said benefit shall increase by 3% as of January 1 of each year after the elected official has been retired for one year. Retirement age is 55 and 4 years of service.

Disability Benefits

Under the Plan, a participant with more than 10 years of credited service who is determined to be totally and permanently disabled and who no longer serves in office shall receive a disability retirement benefit equal to regular retirement benefits or 35% of final average compensation, whichever is greater. In addition there is a death benefit under the Plan that entitles participants' beneficiaries to a lump sum pay-out if the participant was not vested and a monthly benefit if the participant was vested.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP) (Continued)

Funding Policy

The City is required to contribute an actuarially determined amount that will fully provide for all benefits as they become payable. The funding policy can only be amended by authorization of the City Council. Participants are not required to contribute to the Plan.

Effective May 30, 2012, the Division of Retirement mandated that local governments confer with the Plan's actuary to select and maintain a method (percentage of payroll or fixed dollar contributions) that best fits the funding requirements of the Plan. The Plan determined to use the "percentage of payroll contribution" method for the year ended December 31, 2017. The actual contribution from the City for active members was actuarially determined using the latest actuarial valuation dated January 1, 2016.

Investments

The Board of Trustees has developed certain investment guidelines and has retained investment managers. The investment managers are expected to maximize the return on the investment portfolio and may make transactions consistent with that expectation within the Board's guidelines.

The investment balances held by the Plan as of December 31, 2017 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>0-12 Months</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More than 10 years</u>
Fixed income-municipal bonds	\$ 47,687	-	47,687		
Fixed income-corporate bonds	831,960	49,990	781,970	-	-
Sub-total Fixed Income	879,647	\$ 49,990	\$ 829,657	\$ -	\$ -
Common stocks	1,451,678				
Foreign stocks	230,443				
Mutual fund - ETF	42,183				
ETF fixed income	1,689				
Unit investment trusts	236,734				
Sub-total Equities	1,962,727				
Total Investments	\$ 2,842,374				

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP) (Continued)

Investments (Continued)

Interest Rate Risk – Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a7-like pool. The Plan's investment policy currently does not set a parameter of its fixed income securities. As of December 31, 2017 the weighted average maturity of the fixed income portfolio was 3.14 years.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan limits its credit risk by limiting its investments in fixed income securities to U.S. Government and agency securities or corporate bonds which meet or exceed a credit rating of BBB for Standard & Poor's or a Baa for Moody's. The following table provides a summary of the fixed income investment balances by credit rating.

	<u>Fair Value</u>	<u>S&P Rating</u>	Percentage of Fixed <u>Income</u>
\$	32,565	A	3.70%
	150,207	A-	17.08%
	49,280	AA-	5.60%
	25,250	B-	2.87%
	23,813	BB	2.71%
	49,789	BB-	5.66%
	81,767	BBB	9.30%
	127,220	BBB-	14.46%
	339,756	BBB+	38.62%
\$	<u>879,647</u>		<u>100.0%</u>

The credit ratings for investment purchases must be at least BBB by Standard & Poor's or Baa by Moody's. However, the investment policy does not force an investment sale in the event that there is a credit rating cut by either of the rating agencies. The investments in the portfolio that are currently rated below BBB or Baa, had a credit rating in compliance with the policy at the time of purchase.

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Plan has a third party custodian agreement with a financial institution to accept securities on a delivery vs payment basis for direct purchase agreement. All securities purchased by the Plan are designated as an asset of the Plan in the Plan's name and are held in safekeeping by the Plan's custodian bank or a third party custodian institution.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP) (Continued)

Investments (Continued)

Concentration of Credit Risk – GASB Statement 40 requires disclosure of investments in any one issuer that represents 5% or more of the total of the Plan's net position. The Plan's investment policy places investment limitations and provides target allocations to its investment managers to limit credit risk due to concentration. The Plan's investment policy limits investments in any issuer of common stock or corporate bonds to no more than 5% and 10% of the Plan's total assets, respectively. However there are no limitations in government securities. As of December 31, 2017 no investment by any one issuer was above the 5% threshold required for disclosure.

Fair Value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan does not have any investments that are categorized as Level 3.

The following is a description of the valuation methodologies used for the Plan's investments measured at fair value. Level 1, and Level 2, prices are obtained from various pricing sources by the Plan's custodian.

- Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock, foreign stock, exchange traded funds (ETF's) and REIT's
- Debt securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity (Level 2). This includes corporate bonds and foreign bonds.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP) (Continued)

Investments (Continued)

The Plan has the following recurring fair value measurements as of December 31, 2017.

<u>Investments Type</u>	<u>Fair Value</u> <u>as of 12/31/2017</u>	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income:				
Municipal bonds	\$ 47,687	\$ -	\$ 47,687	\$ -
Corporate bonds	<u>831,960</u>	<u>-</u>	<u>831,960</u>	<u>-</u>
Total fixed income	879,647	-	879,647	-
Equities:				
Common stock	1,682,121	1,588,624	93,497	-
Mutual funds	43,872	43,872	-	-
Unit investment trusts	<u>236,734</u>	<u>236,734</u>	<u>-</u>	<u>-</u>
Total equities	<u>1,962,727</u>			
Total fair value	<u>\$ 2,842,374</u>	<u>\$ 1,869,230</u>	<u>\$ 973,144</u>	<u>\$ -</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP) (Continued)

Net Pension Liability

The City's net pension liability was measured by the actuarial valuation as of January 1, 2016 and rolled forward to the December 31, 2017 (measurement date). The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Methods and assumption used to determine net pension liability:

Actuarial Cost Method	Entry Age Normal
Salary increase	7.0%
Investment rate of return	6.75% per year, net investment expenses
Retirement Age	100% upon eligibility
Mortality	RP-2000 Mortality Table with collar adjustments and generational projections using scale BB as used by the Florida Retirement System for the Regular Class members in the July 1, 2015 actuarial valuation.

Long-term expected rate of return: The long-term expected rate of return on pension plan investment was determined for equities using estimates of a *current risk-free* component that is the same for all asset classes and an *asset-class premium* component that varies by each asset class due to the differences in expected risk for each class. The *current risk-free rate* is estimated using a 20-year forward looking time horizon of the yield of 20-year U.S. Treasury bonds. The *asset-class premium component* was estimated considering historical return on large-cap stocks, interest rates and inflation data, adjusted for the historical income return provided by the risk free asset. The long term return for the fixed income securities was determined using the yield-to-maturity on the Barclays U.S. Aggregate Bond Index adjusted for the 15 year horizon premium. The best estimates of arithmetic real return for each asset class included in the pension plan's target allocation as of December 31, 2017 are summarized in the following table:

<u>Asset Group</u>	<u>Long-Term Expected Real rate of return</u>
Equities	6.38%
Fixed Income	3.07%

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP) (Continued)

Net Pension Liability (Continued)

Discount rate: A single discount rate of 6.75% was used to measure the total pension liability. This single discount rate was based on the expected rate on pension plan investments of 6.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability:

	Elected Officials Retirement Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Total pension liability - beginning 12/31/2016	\$ 3,314,035	\$ 2,643,515	\$ 670,520
Changes for the year:			
Service Cost	33,062	-	33,062
Interest on the total pension liability	221,813	-	221,813
Difference between expected and actual experience of the total pension liability	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	297,864	(297,864)
Net investment income	-	203,238	(203,238)
Benefit payments	(121,962)	(121,962)	-
Refunds	-	-	-
Pension plan administrative expense	-	(23,577)	23,577
Net change in total pension liability	132,913	355,563	(222,650)
Total pension liability - ending 12/31/2017	<u>\$ 3,446,948</u>	<u>\$ 2,999,078</u>	<u>\$ 447,870</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP) (Continued)

Net Pension Liability (Continued)

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City calculated using the current discount rates (6.75%) and the liability using discount rates that are one percentage point lower (5.75%) and one percentage point higher (7.75%) than the current rates:

Elected Officials Retirement Plan				
	1% Decrease	Current		1% Increase
	5.75%	discount rate		7.75%
		6.75%		
Net pension liability	\$ 885,366	\$ 447,870	\$	89,936

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pension

For the fiscal year ended September 30, 2018 but based on a measurement date of December 31, 2017, the City recognized a reduction to the Plan's pension expense of \$49,971. This amount is included as a reduction to personal services expenses within the functional program activities.

At September 30, 2018, the City reports deferred outflows and inflows of resources related to the EORP as follows:

Elected Officials Retirement Plan		
	Deferred	Deferred
	Outflows of	Inflows of
	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Contributions subsequent to measurement date	259,658	-
Difference between projected and actual earnings		
on pension plan investments	204,469	15,728
Total	<u>\$ 464,127</u>	<u>\$ 15,728</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

C. ELECTED OFFICIALS' RETIREMENT PLAN (EORP) (Continued)

Deferred outflows of resources related to the EORP, totaling \$259,658, resulting from the City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2019.

Other amounts reported as deferred outflows of resources related to EORP will be recognized as a reduction of pension expense as follows:

<u>Year Ending</u> <u>September 30,</u>	Net Deferred Outflows of <u>Resources</u>
2019	\$ 114,812
2020	81,717
2021	(3,856)
2022	(3,932)
	<u>\$ 188,741</u>

The schedule of changes in the City's net pension liability and related ratios and the schedule of contributions, are presented as Required Supplementary Information (RSI) following the notes to the financial statements, provides additional information about the net pension liability, plan assets and contributions.

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS)

Plan Description

The City maintains a single-employer defined benefit pension plan established by City Ordinance 2002-02-06 dated February 18, 2002 as amended. The Plan was created to provide retirement benefits to all elected officials of the City of Homestead elected on or after February 18, 2002 and senior management. The Plan is administered by a pension board. The Board has the ability to make recommendations on establishing and amending pension plan provisions which can only be authorized by the City Council. During 2009, a unanimous decision was made to change the Plan year to a calendar year. Therefore, the presentation in these financial statements is as of year ending December 31. A more detailed description of the Plan and its provisions appears in the Ordinances constituting the Plan and in the summary Plan description. The Plan year end is December 31, 2017. The Plan issues a publicly available financial statement that includes fiduciary financial statements and required supplementary information. The financial statements may be obtained by writing to: Board of Trustees – New Elected Officials' and Senior Management Retirement Plan, c/o City of Homestead, Finance Department, 100 Civic Court, Homestead, FL 33030.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

Eligibility

Elected Officials elected on or after February 18, 2002, and the following senior managers if hired prior to April 20, 2009: City Manager, Assistant City Manager or Deputy City Manager.

Pension Benefits

Upon normal retirement, a participant will receive a minimum of 20% of the average compensation paid during the highest three years of service subject to a maximum of 80%. Retirement age is 55 and 5 years of service. The benefits are increased by 2% each year on January 1st beginning after the elected official has been retired for at least five years. Under the Plan, a participant with more than 10 years of credited service who is determined to be totally and permanently disabled and who no longer serves in office shall receive a disability retirement benefit equal to regular retirement benefits or 35% of the participant's final average compensation, whichever is greater. In addition, there is a death benefit under the Plan that entitles participants' beneficiaries to a lump sum pay-out if the participant was not vested and a monthly benefit if the participant was vested.

Funding Policy

The City is required to contribute an actuarially determined amount that will fully provide for all benefits as they become payable. The funding policy can only be amended by authorization of the City Council. Participants are not required to contribute to the Plan, while the City is required to contribute an actuarially determined amount necessary to pay the annual normal cost of the Plan plus the additional amount needed to amortize any unfunded accrued liability.

Effective May 30, 2012, the Division of Retirement mandated that local governments confer with the Plan's actuary to select and maintain a method (percentage of payroll or fixed dollar contributions) that best fits the funding requirements of the Plan. The Plan determined to use the "percentage of payroll contribution" method for the year ended December 31, 2017. The actual contribution from the City for active members was actuarially determined using the latest actuarial valuation dated January 1, 2016.

Investments

The Board of Trustees has developed certain investment guidelines and has retained investment managers to implement the investment objectives. The investment managers are expected to maximize the return on the investment portfolio and may make transactions consistent with that expectation pursuant to the Board's guidelines.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

Investments (Continued)

The Plan had investment balances as of December 31, 2017:

<u>Investment Type</u>	<u>Fair Value</u>	<u>0-12 Months</u>	<u>1-5 Years</u>	<u>6-15 Years</u>	<u>More than 10 years</u>
Money market	\$ 310,660	\$ 310,660	\$ -	\$ -	\$ -
Fixed income-Government Bonds	1,077	-	-	1,077	-
Sub-total : fixed income	1,077	\$ -	\$ -	\$ 1,077	\$ -
Mutual funds - fixed income	1,021,989				
Mutual funds - equity	3,215,407				
Real Estate Fund	182,606				
Total Investments	\$ 4,731,739				

Interest Rate Risk – Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a7-like pool. The Plan's investment policy currently does not set a parameter of its fixed income securities. As of December 31, 2017 the weighted average maturity of the fixed income portfolio was 4.0 years.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan limits its credit risk by limiting its investments in fixed income securities to U.S. Government and agency securities or corporate bonds which meet or exceed a credit rating of BBB for Standard & Poor's or a Baa for Moody's.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

The following table provides a summary of the fixed income investment balances by credit rating.

<u>Fair Value</u>	<u>S&P Rating</u>	Percentage of Fixed <u>Income</u>
\$ 1,077	NR	100.00%
<u>\$ 1,077</u>		<u>100.0%</u>

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Plan has third party custodian arrangements with financial institutions to accept securities on a delivery vs payment basis for direct purchase agreements. All securities purchased by the Plan are deposited as an asset of the Plan in the Plan's name and are held in safekeeping by the Plan's custodian bank or a third party custodian institution.

Concentration of Credit Risk – GASB Statement 40 requires disclosure of investments in any one issuer that represents 5% or more of the total of the Plan's net position. The Plan's investment policy places investment limitations and provides target allocations to its investment managers to limit credit risk due to concentration. The Plan's investment policy limits investments in any issuer of common stock or corporate bonds to no more than 5% and 10% of the Plan's total assets, respectively. However there are no limitations in government securities. As of December 31, 2017, no investment by any one issuer was above the 5% threshold required for disclosure.

Fair Value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan does not have any investments that are categorized as Level 3.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

Investments (Continued)

The following is a description of the valuation methodologies used for the Plan's investments measured at fair value. Level 1 and Level 2 prices are obtained from various pricing sources by the Plan's custodian.

- Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock, foreign stock, exchange traded funds (ETF's) and REIT's.
- Debt securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity (Level 2). This includes corporate bonds and foreign bonds.

The Plan has the following recurring fair value measurements as of December 31, 2017:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by fair value level:</u>	<u>Fair Value as of 12/31/2017</u>			
Debt securities:				
Mortgage/Asset backed securities	\$ 1,077	\$ -	\$ 1,077	\$ -
Total debt securities	<u>1,077</u>	<u>-</u>	<u>1,077</u>	<u>-</u>
Equity securities:				
Mutual Funds - fixed income	1,021,989	1,021,989	-	-
Mutual Funds - equity	<u>3,215,407</u>	<u>3,215,407</u>	<u>-</u>	<u>-</u>
Total equity securities	<u>4,237,396</u>	<u>4,237,396</u>	<u>-</u>	<u>-</u>
Total investments at fair value	\$ 4,238,473	<u>\$ 4,237,396</u>	<u>\$ 1,077</u>	<u>\$ -</u>
 <u>Investments measured at the net asset value ("NAV")</u>				
Real estate fund	<u>182,606</u>			
Total investments	<u>\$ 4,421,079</u>			

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

Net Pension Liability

The City's net pension liability was measured by the actuarial valuation as of January 1, 2016 and rolled forward to the December 31, 2017 (measurement date). The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Methods and assumption used to determine net pension liability:

Actuarial Cost Method	Entry Age Normal
Salary increase	1.0%
Investment rate of return	6.75% per year, net investment expenses
Retirement Age	100% upon eligibility
Mortality	RP-2000 Mortality Table with collar adjustments and generational projections using scale BB as used by the Florida Retirement System for the Regular Class members in the July 1, 2015 actuarial valuation.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using the long-term nominal building block data less the long-term assumption of 2.58%. The building block long-term real return projections were developed considering the long-term historic capital market returns, 10-15 year expected capital market return assumptions, as well as, historical, current, and expected inflation data. Best estimates of arithmetic real return for each asset class included in the pension plan's target allocation as of December 31, 2017 are summarized in the following table:

<u>Asset Group</u>	<u>Long-Term Expected Real rate of return</u>
Domestic Equity	7.50%
International Equity	8.50%
Domestic Bonds	2.50%
International Bonds	3.50%
Real Estate	4.50%

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

Net Pension Liability (Continued)

Discount rate: A single discount rate of 6.75% was used to measure the total pension liability. This single discount rate was based on the expected rate on pension plan investments of 6.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability:

	New Elected Officials' and Senior Management Retirement System Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Total pension liability - beginning 12/31/2016	\$ 4,623,228	\$ 4,311,200	\$ 312,028
Changes for the year:			
Service Cost	58,646	-	58,646
Interest on the total pension liability	306,336	-	306,336
Difference between expected and actual experience of the total pension liability	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	108,151	(108,151)
Net investment income	-	660,067	(660,067)
Benefit payments	(287,120)	(287,120)	-
Pension plan administrative expense	-	(66,113)	66,113
Other	-	(1,527)	1,527
Net change in total pension liability	77,862	413,458	(335,596)
Total pension liability (asset) - ending 12/31/2017	<u>\$ 4,701,090</u>	<u>\$ 4,724,658</u>	<u>\$ (23,568)</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

Net Pension Liability (Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the City calculated using the current discount rates (6.75%) and the liability using discount rates that are one percentage point lower (5.75%) and one percentage point higher (7.75%) than the current rates:

New Elected Officials' and Senior Management Retirement System			
	1% Decrease 5.75%	Current discount rate 6.75%	1% Increase 7.75%
Net pension liability (asset)	\$ 550,188	\$ (23,568)	\$ (495,888)

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pension

For the fiscal year ended September 30, 2018 but based on a measurement date of December 31, 2017, the City recognized an increase to the Plan's pension expense of \$68,860. This amount is included as an addition to personal services expenses within the functional program activities.

At September 30, 2018, the City reports deferred outflows and inflows of resources related to the Plan as follows:

New Elected Officials' and Senior Management Retirement System		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 14,299	\$ -
Changes in assumptions	68,335	-
Contributions subsequent to measurement date	105,641	-
Difference between projected and actual earnings on pension plan investments	224,089	320,580
Total	\$ 412,364	\$ 320,580

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

D. NEW ELECTED OFFICIALS' AND SENIOR MANAGEMENT RETIREMENT SYSTEM (NEOSMRS) (Continued)

Net Pension Liability (Continued)

Deferred outflows of resources related to the NEOSMRS, totaling \$105,641, resulting from the City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2019.

Other amounts reported as deferred outflows of resources related to NEOSMRS will be recognized as a reduction of pension expense as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Net Deferred</u> <u>Outflows of</u> <u>Resources</u>
2019	\$ 24,564
2020	43,238
2021	(31,163)
2022	(56,258)
2023	5,762
	<u>\$ (13,857)</u>

The schedule of changes in the City's net pension liability (asset) and related ratios and the schedule of contributions, are presented as Required Supplementary Information (RSI) following the notes to the financial statements, provides additional information about the net pension liability (asset), plan assets and contributions.

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS)

Plan Description

The following description of the City of Homestead Firefighters' Retirement System is provided for general information only. Participants should refer to the Plan agreement for more complete information. The Plan year end is December 31, 2017. The Plan issues a publicly available financial statement that includes fiduciary financial statements and required supplementary information. The financial statements may be obtained by writing to: Board of Trustees – Firefighters' Retirement System, C/O City of Homestead, Finance Department., 100 Civic Court, FL 33030.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

Eligibility

The Plan is a single-employer defined benefit pension plan, covering members of the City of Homestead Firefighters. No new participants entered the Plan after 1978.

Pension Benefits

Participants are entitled to monthly pension benefits beginning at normal retirement age (55). Normal retirement benefit is in the form of an annuity guaranteed for ten years and life thereafter and is equal to the lesser of 3% of average compensation multiplied by the number of years of service or 80% of average compensation.

Disability Benefits

A member who becomes permanently and totally disabled and has at least five years of credited service is entitled to receive a monthly benefit based upon the accrued benefit at date of disability reduced to reflect an early commencement date. Under all circumstances it will not be less than 50% of average compensation.

Termination Benefits

If a vested participant is terminated, the participant is entitled to receive a monthly benefit commencing on the normal retirement date or (b) a reduced early benefit on the date of eligibility for an early retirement benefit.

Death Benefit

The Plan provides a pre-retirement death benefit. The benefit payable for members with 10 or more years of credited service is equal to the amount the member would have received under early or normal retirement. Members with less than 10 years of credited service, the pre-retirement death benefit is payable in a lump sum amount equal to the participants contribution account.

Funding Policy

Contributions to the Plan are provided by the State of Florida and the City. The City is required to contribute an actuarially determined amount. State of Florida contributions are recorded as revenues and expenditures in the City of Homestead's General Fund.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

State of Florida Excess Contributions

Florida Statutes outline minimum Plan benefits. Costs associated with making benefit improvements are required only to the extent that additional State contributions (premium tax revenue) are available. Premium tax revenue is determined as the excess of tax revenues earned subsequent to December 31, 1997 over the tax revenue earned for 1997. Excess revenues must be used to fund benefits in addition to or greater than those provided to participants.

Investments

The Board of Trustees has engaged outside investment professionals to manage Plan assets. Firms registered with the Securities and Exchange Commission as investment advisors manage fixed income and equity assets of the Plan. The investment custodian is responsible for the activity and safeguarding of the investment assets. The Board also utilizes an investment consultant to provide advice on manager performance and investment policy amendments and benchmarks.

The plan investments are managed by Highland Capital Management LLC. Plan assets are held in custodial accounts with Salem Trust. The Plan had investment balances as of December 31, 2017:

<u>Investment Type</u>	<u>Fair Value</u>	<u>0-12 Months</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More than 10 years</u>
Money market	\$ 608,261	\$ 608,261	\$ -	\$ -	\$ -
Corporate bonds	844,812	9,993	437,513	222,818	174,488
Government securities	656,022	25,285	214,636	84,572	331,529
Municipal obligations	83,734	-	31,731	-	52,003
Sub-total : fixed income	1,584,568	\$ 35,278	\$ 683,880	\$ 307,390	\$ 558,020
Common stocks	3,939,462				
Mutual Funds equity	1,528,696				
Other	45,783				
Total Investments	\$ 7,706,770				

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

Investments (Continued)

Interest Rate Risk – Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a7-like pool. The Plan does not have a written policy that limits investment maturities as a means of managing its exposure to losses arising from interest rate fluctuations. The Plan evaluates its portfolio to determine if based on the interest rate environment, other investment vehicles would provide higher yields that lower the cost of risk.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan limits its credit risk by limiting its investments in fixed income securities to U.S. Government and agency securities or corporate bonds which meet or exceed a credit rating of BBB for Standard & Poor's or Baa for Moody's. As of December 31, 2017, the Plan's corporate bonds were rated between A1 and Baa3 by Moody's Investor Services.

Corporate Bonds <u>Fair Value</u>	<u>Rating</u>	Percentage of Fixed Income <u>Income</u>
<u>\$ 844,812</u>	Between A1 and Baa3	<u>100.0%</u>

Custodial Credit Risk – The custodial credit risk for investments is the risk that investment securities are uninsured, are not registered in the name of the Plan and are held by a counterparty or the counterparty's trust department or agent but not in the Plan's name. The custodial risk, is that, in the event of failure of the counterparty to a transaction, the Plan will not be able to recover the value of the investment that is in the possession of an outside party.

Consistent with the Plan's investment policy, the investments are held by a third party custodian. Investments held by the custodian are registered in the custodian's name as nominee. The Plan requires that the custodian insure all Plan investments in accordance with terms of the custodial agreement.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

Investments (Continued)

Concentration of Credit Risk – GASB Statement 40 requires disclosure of investments in any one issuer that represents 5% or more of its total net position. The Plan's investment policy places investment limitations and provides target allocations to its investment managers to limit credit risk due to concentration.

As of December 31, 2017, investments in the Templeton Global Bond Fund of \$425,730 and Vanguard 500 Index Fund of \$1,102,966 exceeded 5% of the Plan's fiduciary net position.

Fair Value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan does not have any investments that are categorized as Level 3.

The following is a description of the valuation methodologies used for the Plan's investments measured at fair value. Level 1 and 2 prices are obtained from various pricing sources by the Plan's custodian.

- Short-term investments, which consist of money market funds, are reported at cost.
- Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock, and American depository receipts and mutual fund equities.
- Debt securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity (Level 2). This includes U.S. Treasury bonds and notes, inflation-indexed bonds, U.S. federal agencies, mortgage-backed and collateralized securities, municipal bonds, mutual bond funds and corporate obligations, including asset-backed, foreign bonds and notes.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

Investments (Continued)

The Plan has the following recurring fair value measurements as of September 30, 2017:

<u>Investments Type</u>	<u>Fair Value</u> as of 12/31/2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities	\$ 3,939,462	\$ 3,939,462	\$ -	\$ -
Mutual Funds	1,528,696	1,528,696		-
Corporate bonds	844,812	-	844,812	-
Government securities	656,022	-	656,022	-
Municipal obligations	83,734		83,734	-
Other	45,783	-	45,783	-
Total fair value	<u>\$ 7,098,509</u>	<u>\$ 5,468,158</u>	<u>\$ 1,630,351</u>	<u>\$ -</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

Net Pension Liability

The City's net pension liability was measured by the actuarial valuation as of January 1, 2017 and rolled forward to the December 31, 2017 (measurement date). The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Methods and assumption used to determine net pension liability:

Actuarial Cost Method	Entry Age Normal
Inflation	2.5%
Salary increase	N/A
Investment rate of return	6.50%
Retirement Age	N/A
Mortality	RP-2000 Mortality Table for annuitants (for healthy post-retirement mortality), with mortality improvements projected to all future years after 2000 using scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. For disabled retirees, the mortality table used was 60% of the RP-2000 Mortality Table for Disabled Annuitants with ages set back 4 years for males and set forward 2 years for females, and 40% of the RP-2000 Mortality Table for healthy annuitants with a 100% white collar adjustment, with no provision being made for future mortality improvements. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) in the July 1, 2016 FRS Valuation, as required under Florida statutes, Chapter 112.63.

Discount rate: A single discount rate of 6.50% was used to measure the total pension liability. This single discount rate was based on the expected rate on pension plan investments of 6.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.50%) was applied to all periods of projected benefit payments to determine the total pension liability

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

Net Pension Liability (Continued)

Changes in Net Pension Liability:

	Firefighters Retirement system		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Total pension liability - beginning 12/31/2016	\$ 7,722,230	\$ 7,219,945	\$ 502,285
Changes for the year:			
Interest on the total pension liability	477,065	-	477,065
Difference between expected and actual experience of the total pension liability	113,721	-	113,721
Change of assumptions	-	-	-
Contributions - employer	-	188,587	(188,587)
Contributions - employer (from state)	-	215,060	(215,060)
Net investment income	-	1,047,585	(1,047,585)
Benefit payments	(888,166)	(888,166)	-
Pension plan administrative expense	-	(72,089)	72,089
Other (change in share plan reserve)	122,635	-	122,635
Net change in total pension liability	(174,745)	490,977	(665,722)
Total pension liability (asset) - ending 12/31/2017	<u>\$ 7,547,485</u>	<u>\$ 7,710,922</u>	<u>\$ (163,437)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the City calculated using the current discount rates (6.50%) and the liability using discount rates that are one percentage point lower (5.50%) and one percentage point higher (7.50%) than the current rates:

	Firefighters Retirement system		
	1% Decrease	Current	1% Increase
	5.50%	discount rate	7.50%
		6.50%	
Net pension liability (asset)	\$ 501,977	\$ (163,437)	\$ (730,410)

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

E. FIREFIGHTERS' RETIREMENT SYSTEM (HFRS) (Continued)

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pension

For the fiscal year ended September 30, 2018 but based on a measurement date of December 31, 2017, the City recognized a reduction to the Plan's pension expense of \$166,397. This amount is included as a reduction to personal services expenses within the functional program activities.

At September 30, 2018, the City reports deferred outflows and inflows of resources related to the Plan as follows:

	Firefighters Retirement System	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Contributions subsequent to measurement date	377,292	-
Difference between projected and actual earnings on pension plan investments	219,933	486,860
Total	<u>\$ 597,225</u>	<u>\$ 486,860</u>

Deferred outflows of resources related to the HFRS, totaling \$377,292, resulting from the State and City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability (asset) for the fiscal year ended September 30, 2019. Amounts reported as deferred outflows of resources related to NEOSMRS will be recognized as a reduction of pension expense as follows:

<u>Year Ending September 30,</u>	Net Deferred Outflows of Resources
2019	\$ (773)
2020	(24,350)
2021	(122,530)
2022	(119,274)
	<u>\$ (266,927)</u>

The schedule of changes in the City's net pension liability (asset) and related ratios and the schedule of contributions, are presented as Required Supplementary Information (RSI) following the notes to the financial statements, provides additional information about the net pension liability (asset), plan assets and contributions.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

The following table summarized the aggregate amount for all five pension plans' total net pension liability of the City, deferred outflows, deferred inflows and pension expense (income) for the period as of the indicated measurement date:

	Measurement Date	Net Pension Asset	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (income)
General Employees' Retirement Plan	9/30/2017	\$ -	\$ (9,999,463)	\$ 5,296,074	\$ (3,592,654)	\$ (497,135)
Police Officers' Retirement Plan	9/30/2017	-	(17,714,442)	10,260,917	(4,672,163)	(193,836)
Elected Officials' Retirement Plan	12/31/2017	-	(447,870)	464,127	(15,728)	(49,971)
New Elected Officials and Senior Management Retirement System	12/31/2017	23,568	-	412,364	(320,580)	68,860
Firefighters' Retirement System	12/31/2017	163,437	-	597,225	(486,860)	(166,397)
		<u>\$ 187,005</u>	<u>\$ (28,161,775)</u>	<u>\$ 17,030,707</u>	<u>\$ (9,087,985)</u>	<u>\$ (838,479)</u>

F. DEFINED CONTRIBUTION PLAN

City Managers' Defined Contribution Plan

The City offers a defined contribution plan for the City Manager created in accordance with Internal Revenue Service Code Section 401(a) and Ordinance Number 97-01-06 dated January 21, 1997. The Plan covers only the City Manager. The participant contributes 3.5% and the City contributes 18% of salary. Plan provisions may be amended by the City Council. The Plan is held in a trust for the exclusive benefit of the participant and the participants' beneficiaries by a third party administrator. Consequently, the City has no fiduciary responsibility, and therefore, the assets of the Plan are not included in the City's financial statements. The City made contributions totaling \$39,107 to the Plan for the fiscal year ended September 30, 2018.

Executive Employees' Defined Contribution Plan

The City offers a defined contribution plan for department directors, assistant directors, and assistant city managers created in accordance with Internal Revenue Service Code Section 401(a) and Ordinance Number 97-03-15 dated April 1, 1997. At September 30, 2018, there were 9 Plan members. Plan members are required to contribute 5% to the Plan and are fully vested after one year of service. The City is required to contribute 13% of the participants' earnings. Plan provisions may be amended by the City Council. The Plan is held in a trust for the exclusive benefit of the participants and the participants' beneficiaries by a third party administrator. Consequently, the City has no fiduciary responsibility, and therefore, the assets of the Plan are not included in the City's financial statements. The City contributed approximately \$135,000 to the Plan for the fiscal year ended September 30, 2018.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. MUNICIPAL EMPLOYEES RETIREMENT PLANS (Continued)

F. DEFINED CONTRIBUTION PLAN (Continued)

General Employees' Defined Contribution Plan

As of April 1, 2009, general employees have the option of participating in the General Employees' defined contribution plan. The Plan was created in accordance with Internal Revenue Service Code Section 401(a) and Resolution Number R2009-03-37. The City will match employee contributions up to 8% of pay. Plan provisions may be amended by the City Council. The Plan is held in a trust for the exclusive benefit of the participants and the participants' beneficiaries by a third party administrator. Consequently, the City has no fiduciary responsibility, and therefore, the assets of the Plan are not included in the City's financial statements. The City contributed approximately \$299,970 to the Plan for the year ended September 30, 2018.

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

OPEB benefits are all forms of employee benefits other than pension benefits provided by an employer to retirees and their beneficiaries. The most common OPEB benefits are medical and life insurance benefits. The City presently offers retired employees the opportunity to retain post-employment health and life insurance at the same premium charged to regular employees. The Plan is not accounted for as a trust fund since an irrevocable trust has not been established to fund the plan. The Plan has no assets and does not issue a separate financial report.

At September 30, 2018, the OPEB Plan covered 357 active employees and 21 retirees.

Except for elected officials in the EORP Pension Plan, the City does not provide funding for any portion of the premiums after retirement; however, the City recognizes that there is an implicit subsidy arising as a result of the blended rate premium since retiree health care costs, on the average, are higher than active employee health costs.

Funding Policy

The City currently funds this benefit on a pay-as-you-go basis and intends to continue this practice.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Total OPEB Liability

The City's total OPEB liability was measured by the actuarial valuation as of October 1, 2016 and rolled forward to October 1, 2017 (measurement date) for reporting date September 30, 2018.

At September 30, 2018, the City reported the following:

Total OPEB liability: \$14,097,908
Total covered payroll: \$24,955,309
Total OPEB liability as a percentage of covered payroll: 56%.

Methods and assumption used to determine Total OPEB liability:

Actuarial Cost Method	Entry Age Normal
Discount Rate	3.63%
Healthcare Cost Trend Rates	8.00% for 2017, decreasing 0.5% per year to an ultimate rate of 5.0% in 2023 and later years.
Salary Increase	3%
Mortality Rate	RF-2014 mortality table (combined healthy lives)

Changes in Total OPEB Liability:

	<u>Total OPEB Liability</u>
Total OPEB liability- beginning	\$ 13,538,196
Changes for the year:	
Service cost	1,040,917
Interest cost	421,901
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	(850,170)
Pre-funding contributions - employer	-
Net investment income	-
Benefit payments	(52,936)
Administrative expense	-
Net change in total OPEB liability	<u>559,712</u>
Total OPEB liability- ending	<u>\$ 14,097,908</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Total OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63%) or 1-percentage-point higher (4.63%) than the current discount rate:

Discount rate assumption	Sensitivity Testing to change in interest discount assumption		
	1% Decrease	Selected	1% Increase
	2.63%	discount rate 3.63%	4.63%
Total OPEB liability	\$ 15,566,563	\$ 14,907,908	\$ 12,804,024

Sensitivity of the total OPEB liability to changes in medical costs trend rate: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a medical costs trend rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9.0%) than the current medical costs trend rate rate:

Medical costs trend assumption	Sensitivity Testing to change in medical costs trend assumption		
	1% Decrease	Selected	1% Increase
	starts at 7%	Trend rate starts at 8%	starts at 9%
Total OPEB liability	\$ 12,815,786	\$ 14,907,908	\$ 15,513,148

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2018 but based on a measurement date of October 1, 2017, the City recognized an increase to the Plan's OPEB expense of \$1,353,664. This amount is included as an increase to personal services expenses within the functional program activities.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB (Continued)

At September 30, 2018, the City reports deferred outflows and inflows of resources related to the Plan as follows:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	850,170
Changes in benefit terms	-	-
Expected benefit payments subsequent to the measurement date of 10/1/2017	56,218	-
Total	<u>\$ 56,218</u>	<u>\$ 850,170</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending September 30,</u>	Net Deferred inflows of Resources
2018	\$ (5,391)
2019	(61,606)
2020	(61,606)
2021	(61,606)
2022	(61,606)
2023+	(542,137)
	<u>\$ (793,952)</u>

The schedule of changes in the City's total OPEB liability and related ratios presented as Required Supplementary Information (RSI) following the notes to the financial statements, provides additional information about the total OPEB liability.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES

a. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is in the opinion of the City management and counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

b. Compliance Audits

Amounts received or receivable from granting agencies are subject to audit and adjustment by Federal and State grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be insignificant.

c. Florida Petroleum Reprocessors Superfund Site

In the late 1990s, the United States Environmental Protection Agency (EPA) identified the City, together with several hundred other entities, as a potentially responsible party (PRP) with respect to the Florida Petroleum Reprocessors Superfund Site (FPR site). According to the EPA, the City is jointly and severally liable for all necessary costs of response incurred in connection with the cleanup of the FPR site. The PRP group, including the City, have finalized a consent decree with the EPA to share the costs of undertaking the assessment of the FPR site and a cleanup of a portion of the site. The consent decree was entered as a final order by the United States District Court for the Southern District of Florida on January 23, 2006. The City has contributed \$68,475 toward that effort to date. While a part of the cleanup has been completed (the onsite soil and groundwater), a large plume of contaminated groundwater extends offsite. The PRP group is responsible for the cleanup of the plume. The FPR site will remain on the U.S. EPA list of Superfund sites for at least several more years. Cleanup of the offsite groundwater contamination, which is being accomplished through "natural attenuation," is ongoing and no estimated completion date has been identified. Monitoring of the plume occurs only once every three years and the next monitoring will be in fiscal year 2021.

d. Power Sales Contracts

In connection with the City's participation in certain Florida Municipal Power Agency projects and contracts with Progress Energy among others, the City is committed to purchase its entitlement share of capacity and must take energy generation of these projects as defined in the power sales contracts. The City's cost of power purchased under these power sales contracts, which extend through 2038, total approximately \$326 million plus interest imputed at annual rate at 5%. The City intends to meet its obligations under these agreements. Purchased power during fiscal 2017 was sufficient to meet the City's commitment under the power sales contracts.

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

d. Power Sales Contracts (Continued)

Required purchase commitments under these contracts for future fiscal years are approximately as follows:

Fiscal year ending September 30:	
2019	\$ 22,016,000
2020	16,623,000
2021	16,683,000
2022	16,817,000
2023	17,154,000
2024 - 2028	82,000,000
2029 - 2034	75,215,000
2035 - 2038	79,644,000
Total	326,152,000
Less amount representing interest	110,200,000
Total present value	<u>\$ 215,952,000</u>

e. Motorsports Complex

The City of Homestead is a party in a long-term lease agreement with Homestead Motorsports Joint Venture to manage and operate the Motorsports Complex. The lease provides for the City to receive annual rental income through its expiration on December 31, 2032. Future lease income is as follows:

Fiscal year ending September 30:	
2019	\$ 1,000,000
2020	1,000,000
2021	1,000,000
2022	1,000,000
2023	1,000,000
2024 - 2028	5,000,000
2029 - 2032	4,000,000
Total	<u>\$ 14,000,000</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 14. HOMESTEAD COMMUNITY REDEVELOPMENT AGENCY

For fiscal year 2018 total property taxes revenues for the CRA amounted to \$2,479,310. Of the total amount, \$1,089,584 was from property taxes levied by Miami-Dade County and \$1,389,726 was from property taxes levied by the City.

The following projects were completed, ongoing or planned during fiscal year ending September 30, 2018:

Projects completed in fiscal year 2018:

1. One (1) residential grant was awarded.
2. Six (6) commercial grant were awarded.
3. Three (3) unsafe structures were demolished.
4. Three (3) community events were held and sponsored by CRA.
5. Six (6) not-for-profit organizations were supported.
6. One (1) business loan matchmaker was held to assist our local vendors.
7. Partial funding for the purchase of properties for the Homestead Cybrary and the Multimodal Transit Center.
8. CRA jointed the Friends of the Historic Seminole Theatre to present the Broadway Musical shows “In-the-Heights” and “Annie”. Two performances were provided for free to not-for-profit organizations from the area.
9. An upgrade to the audio system was purchased and installed in the City Council Chambers, where the CRA public hearing meetings are held.
10. The CRA code enforcement officer cited 466 residents.
11. The community policing officer participated in 16 community events, 62 presentations and, contacted 47 businesses.

Projects planned for fiscal year 2019:

12. Continue support of the development of the Homestead Cybrary and the Multimodal Transit Center.
13. Blight removal project.
14. Losner Park community events.
15. Not-for-profit grant program.
16. Commercial & residential enhancement grant programs.

Expenditures incurred during fiscal year 2018 related to these projects are as follows:

	<u>Expenditures</u>
General government	\$ 1,417,400
Public safety	267,246
Public works	147,942
Capital outlay	45,797
Total Expenditures	<u>\$ 1,878,385</u>

CITY OF HOMESTEAD, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 15. PRIOR PERIOD ADJUSTMENTS

The October 1, 2017 beginning net position for both governmental activities and business-type activities was restated as follows:

Governmental Activities:

Net position, beginning as previously stated		\$ 203,257,368
Prior period adjustments:		
(1) Utility service tax adjustments for prior years	(744,571)	
(2) Net effect of implementation of GASB 75	(1,335,932)	<u>(2,080,503)</u>
Net position, beginning as restated		\$ <u>201,176,865</u>

Business-type Activities:

Net position, beginning as previously stated		\$ 31,964,118
Prior period adjustments:		
(2) Net effect of implementation of GASB 75		<u>(842,337)</u>
Net position, beginning as restated		\$ <u>31,121,781</u>

- (1) The City reduced the beginning fund balance in the General Fund and in Governmental Activities for a \$744,571 adjustment to prior year earnings related to utility taxes. The adjustment was the result of a credit granted to a customer of the City's utility services; that customer was a local government agency that was exempt from all state and local taxes.
- (2) The City reduced the prior year's net position by \$1,335,932 in the Governmental Activities, and \$842,337 in the Business-type Activities when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This accounting standard specifies that governments must recognize their total Other Postemployment Benefits (OPEB) liability, related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements based on the actuarial present value of projected benefit payments, rather than the previously recorded, smaller net OPEB obligation based on contribution requirements under GASB Statement No. 45. See Note 12 Other Postemployment Benefits (OPEB).

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HOMESTEAD, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND**

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 13,284,941	\$ 13,284,941	\$ 13,411,689	126,748
Fuel taxes	1,165,480	1,165,480	1,309,021	143,541
Franchise fees	4,115,956	4,115,956	4,115,956	-
Utility taxes	1,630,080	1,630,080	1,491,902	(138,178)
Communication service taxes	1,535,447	1,535,447	1,518,228	(17,219)
Half cent sales taxes	5,221,957	5,221,957	5,631,661	409,704
Total taxes	<u>26,953,861</u>	<u>26,953,861</u>	<u>27,478,457</u>	<u>524,596</u>
Licenses and permits	<u>2,615,000</u>	<u>2,615,000</u>	<u>2,975,987</u>	<u>360,987</u>
Intergovernmental:				
State revenue sharing	2,833,456	2,833,456	3,071,594	238,138
State insurance premium taxes	900,000	900,000	832,748	(67,252)
County revenue sharing	<u>50,000</u>	<u>50,000</u>	<u>83,891</u>	<u>33,891</u>
Total intergovernmental	<u>3,783,456</u>	<u>3,783,456</u>	<u>3,988,233</u>	<u>204,777</u>
Charges for services:				
Recreation fees	319,343	319,343	280,707	(38,636)
Other fees	<u>978,095</u>	<u>978,095</u>	<u>1,000,932</u>	<u>22,837</u>
Total charges for services	<u>1,297,438</u>	<u>1,297,438</u>	<u>1,281,639</u>	<u>(15,799)</u>
Fines and forfeitures	598,500	598,500	705,810	107,310
Investment income	248,000	248,000	159,833	(88,167)
Payments in lieu of taxes	1,704,671	1,704,671	1,704,671	-
Rentals and other revenues	<u>7,464,392</u>	<u>7,964,392</u>	<u>8,985,170</u>	<u>1,020,778</u>
Total other revenues	<u>10,015,563</u>	<u>10,515,563</u>	<u>11,555,484</u>	<u>1,039,921</u>
Total revenues	<u>\$ 44,665,318</u>	<u>\$ 45,165,318</u>	<u>\$ 47,279,800</u>	<u>\$ 2,114,482</u>

(Continued)

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
General government:				
Mayor and Council	\$ 1,638,705	\$ 1,623,705	\$ 1,385,871	\$ 237,834
City Attorney	1,000,000	1,000,000	942,038	57,962
City Manager	949,168	949,168	941,965	7,203
City Clerk	899,224	899,224	757,763	141,461
Planning & Zoning	1,500,841	1,503,841	1,243,902	259,939
Finance	1,645,081	1,638,281	1,637,128	1,153
General Services	1,925,682	1,889,520	1,644,858	244,662
General Administration	3,953,356	4,765,003	3,787,757	977,246
Human resources	704,047	704,947	662,247	42,700
Total general government	<u>14,216,104</u>	<u>14,973,689</u>	<u>13,003,529</u>	<u>1,970,160</u>
Public safety:				
Police	25,841,260	25,877,477	25,461,545	415,932
Building department	1,798,387	1,794,216	1,652,286	141,930
Total public safety	<u>27,639,647</u>	<u>27,671,693</u>	<u>27,113,831</u>	<u>557,862</u>
Public works and services:				
Streets	1,402,684	1,344,156	1,294,494	49,662
Total public works	<u>1,402,684</u>	<u>1,344,156</u>	<u>1,294,494</u>	<u>49,662</u>
Parks, recreation and facility maintenance	4,771,394	4,768,661	4,352,643	416,018
Total parks and recreation	<u>4,771,394</u>	<u>4,768,661</u>	<u>4,352,643</u>	<u>416,018</u>
Capital outlay	846,862	1,520,248	772,270	747,978
Debt service:				
Principal	399,193	399,193	399,200	(7)
Interest and fiscal charges	239,618	322,178	322,169	9
Total expenditures	<u>49,515,502</u>	<u>50,999,818</u>	<u>47,258,136</u>	<u>3,741,682</u>
Excess (deficiency) of revenues over expenditures	<u>(4,850,184)</u>	<u>(5,834,500)</u>	<u>21,664</u>	<u>5,856,164</u>
Non-operating expenses:				
Leverage loan to investor 129 LLC (NMTC)	-	10,766,000	-	10,766,000
Total non-operating expenses	<u>-</u>	<u>10,766,000</u>	<u>-</u>	<u>10,766,000</u>
Other financing sources (uses):				
Issuance of debt (equipment financing)	-	-	226,008	226,008
Issuance of other long-term debts	-	12,829,100	12,829,100	-
Transfers in	-	-	2,970,332	2,970,332
Transfers out	(690,392)	(5,790,392)	(6,270,482)	(480,090)
Transfer to Homestead Station QALICB (NMTC)	-	(1,150,000)	(1,150,000)	-
Appropriation of prior years' fund balance	5,540,576	10,711,792	-	(10,711,792)
Total other financing sources (uses)	<u>4,850,184</u>	<u>16,600,500</u>	<u>8,604,958</u>	<u>(7,995,542)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>8,626,622</u>	<u>\$ 8,626,622</u>
Fund balance - beginning as originally stated			19,437,354	
Prior period adjustment			(744,571)	
Fund balance - beginning as restated			<u>18,692,783</u>	
Fund balance - ending			<u>\$ 27,319,405</u>	

See note to budgetary comparison schedule.

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

HOMESTEAD COMMUNITY REDEVELOPMENT AGENCY

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 2,479,310	\$ 2,479,310	\$ 2,479,310	\$ -
Investment income	16,000	16,000	11,568	(4,432)
Other revenue	<u>2,250</u>	<u>2,250</u>	<u>13,720</u>	<u>11,470</u>
Total revenues	<u>2,497,560</u>	<u>2,497,560</u>	<u>2,504,598</u>	<u>7,038</u>
Expenditures:				
Current:				
General government	1,820,033	1,729,260	1,417,400	311,860
Public safety	276,507	292,735	267,246	25,489
Public works and services	165,948	286,103	147,942	138,161
Capital outlays	<u>980,176</u>	<u>934,566</u>	<u>45,797</u>	<u>888,769</u>
Total expenditures	<u>3,242,664</u>	<u>3,242,664</u>	<u>1,878,385</u>	<u>1,364,279</u>
Excess (deficiency) of revenues over expenditures	<u>(745,104)</u>	<u>(745,104)</u>	<u>626,213</u>	<u>1,371,317</u>
Other financing sources (uses):				
Transfers in	-	-	93,500	93,500
Transfers out	(327,500)	(327,500)	(327,500)	-
Appropriation of prior years' fund balance	<u>1,072,604</u>	<u>1,072,604</u>	<u>-</u>	<u>(1,072,604)</u>
Total other financing sources (uses)	<u>745,104</u>	<u>745,104</u>	<u>(234,000)</u>	<u>(979,104)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>392,213</u>	<u>\$ 392,213</u>
Fund balance - beginning			<u>1,232,375</u>	
Fund balance - ending			<u>\$ 1,624,588</u>	

See note to budgetary comparison schedule.

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

IMPACT FEES

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 2,660,000	\$ 2,660,000	\$ 2,775,973	\$ 115,973
Investment income	<u>88,000</u>	<u>88,000</u>	<u>91,683</u>	<u>3,683</u>
Total revenues	<u>2,748,000</u>	<u>2,748,000</u>	<u>2,867,656</u>	<u>119,656</u>
Expenditures:				
Current:				
General government	1,288,985	1,288,985	-	1,288,985
Public safety	227,789	227,789	228,253	(464)
Public works and services	626,010	567,971	1,339	566,632
Parks & recreation	1,195,983	354,883	99,565	255,318
Capital outlays	<u>1,991,108</u>	<u>2,890,247</u>	<u>1,369,497</u>	<u>1,520,750</u>
Total expenditures	<u>5,329,875</u>	<u>5,329,875</u>	<u>1,698,654</u>	<u>3,631,221</u>
Excess (deficiency) of revenues over expenditures	<u>(2,581,875)</u>	<u>(2,581,875)</u>	<u>1,169,002</u>	<u>3,750,877</u>
Other financing sources (uses):				
Transfers in	-	-	332,181	332,181
Appropriation of prior years' fund balance	<u>2,581,875</u>	<u>2,581,875</u>	<u>-</u>	<u>(2,581,875)</u>
Total other financing sources (uses)	<u>2,581,875</u>	<u>2,581,875</u>	<u>332,181</u>	<u>(2,249,694)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,501,183</u>	<u>\$ 1,501,183</u>
Fund balance - beginning			<u>10,090,367</u>	
Fund balance - ending			<u>\$ 11,591,550</u>	

See note to budgetary comparison schedule.

CITY OF HOMESTEAD, FLORIDA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. BUDGETS AND BUDGETARY INFORMATION

The State of Florida requires that all units of local government prepare, adopt and execute an annual budget for such funds as may be required by law or by sound financial practices and accounting principles generally accepted in the United States. Accordingly, the City has established the following procedures for the budgeting process:

1. During the beginning of September, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means to finance them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to September 30, the budget is legally enacted through the passage of an ordinance.
4. The City Manager is authorized to make budgetary transfers and amendments within any department. Any revisions that alter the total expenditures of a department or fund must be approved by the City Council. The legal level of budgetary control is at the fund level except for the General Fund which is at the department level. Unencumbered appropriations in the annual operating budget lapse at fiscal year end.
5. The City budgets revenues and expenditures for the General Fund, the Homestead Community Redevelopment Agency Fund, and Impact Fees Fund on the basis consistent with accounting principles generally accepted in the United States.

Encumbrances represent commitments related to unperformed contracts and purchase orders issued for goods and services. Encumbrances outstanding at year end for the General Fund are reported as assigned fund balance as appropriations for subsequent year's budget and do not constitute expenditures or liabilities under accounting principles generally accepted in the United States.

6. The General Fund had \$18,500,316 in supplemental appropriations in fiscal year 2018, as follows:

\$ 12,829,100	NMTC	Ordinance 2018-11-23
5,100,000	Disaster expenditures	Ordinance 2018-11-24
500,000	50 CDD roadway improvement	Ordinance 2018-05-11
71,216	Two police dispatchers	Ordinance 2018-05-10
<u>\$ 18,500,316</u>	Total	

CITY OF HOMESTEAD, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES' RETIREMENT PLAN

Measurement date September 30,	2017	2016	2015	2014
A. Total pension liability				
Service Cost	\$ 1,667,916	\$ 1,653,360	\$ 1,693,876	\$ 1,749,000
Interest on the total pension liability	5,674,844	5,618,813	5,415,394	5,207,957
Difference between expected and actual experience of the total pension liability **	557,519	(807,532)	57,471	(588,885)
Changes of assumptions	1,956,133	-	-	-
Benefit payments	(3,157,304)	(3,721,862)	(2,900,572)	(3,626,962)
Refunds	(30,307)	(57,959)	(30,096)	(256,423)
Net change in total pension liability	6,668,801	2,684,820	4,236,073	2,484,687
Total pension liability - beginning	83,997,656	81,312,836	77,076,763	74,592,076
Total pension liability - ending	<u>\$ 90,666,457</u>	<u>\$ 83,997,656</u>	<u>\$ 81,312,836</u>	<u>\$ 77,076,763</u>
B. Plan fiduciary net position				
Contributions - employer	\$ 2,505,891	\$ 2,725,022	\$ 2,834,656	\$ 2,874,430
Contributions - employee	360,501	353,824	360,333	368,500
Net investment income	6,830,581	7,438,130	1,652,437	5,985,552
Benefit payments	(3,157,304)	(3,721,862)	(2,900,572)	(3,626,962)
Refunds	(30,307)	(57,959)	(30,096)	(256,423)
Pension plan administrative expense	(114,280)	(121,737)	(94,114)	(115,419)
Net change in plan fiduciary net position	6,395,082	6,615,418	1,822,644	5,229,678
Plan fiduciary net position - beginning	74,271,912	67,656,494	65,833,850	60,604,172
Plan fiduciary net position - ending	<u>\$ 80,666,994</u>	<u>\$ 74,271,912</u>	<u>\$ 67,656,494</u>	<u>\$ 65,833,850</u>
C. Net pension liability (A-B)	<u>\$ 9,999,463</u>	<u>\$ 9,725,744</u>	<u>\$ 13,656,342</u>	<u>\$ 11,242,913</u>
D. Plan fiduciary net position as a percentage of the total pension liability	88.97%	88.42%	83.21%	85.41%
E. Covered payroll	\$ 9,012,525	\$ 8,845,600	\$ 9,008,325	\$ 11,891,551
F. Net pension liability as a percentage of covered payroll	110.95%	109.95%	151.60%	94.55%

Note: This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

** These amounts are the updated amount. The amount reported in the RSI in the Plan' financial does not reflect the updated amount of the "Difference between expected and actual experience of the total pension liability."

CITY OF HOMESTEAD, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE OFFICERS' RETIREMENT PLAN

Measurement date September 30,	2017	2016	2015	2014
A. Total pension liability				
Service Cost	\$ 2,457,445	\$ 2,303,862	\$ 2,038,250	\$ 1,867,237
Interest on the total pension liability	7,779,407	7,467,998	6,996,689	6,697,302
Changes of benefit terms	-	-	-	(636,892)
Difference between expected and actual experience of the total pension liability **	(1,061,534)	2,137,361	9,760	868,752
Changes of assumptions	3,284,117	994,053	909,574	-
Benefit payments	(3,546,301)	(5,950,632)	(5,450,397)	(5,292,181)
Refunds	(23,031)	-	-	(27,559)
Other: excess premium tax money	-	208,166	204,003	136,996
Net change in total pension liability	8,890,103	7,160,808	4,707,879	3,613,655
Total pension liability - beginning	101,687,839	94,527,031	89,819,152	86,205,497
Total pension liability - ending	<u>\$ 110,577,942</u>	<u>\$ 101,687,839</u>	<u>\$ 94,527,031</u>	<u>\$ 89,819,152</u>
B. Plan fiduciary net position				
Contributions - employer	\$ 3,996,869	\$ 3,726,793	\$ 3,816,076	\$ 4,057,242
Contributions - employer (from state)	577,817	532,808	528,645	461,638
Contributions - employee	663,039	665,451	580,028	680,063
Net investment income	9,517,349	6,354,619	498,007	10,520,035
Benefit payments	(3,546,301)	(5,950,632)	(5,450,397)	(5,292,181)
Refunds	(23,031)	-	-	(27,559)
Pension plan administrative expense	(103,626)	(108,083)	(84,733)	(82,376)
Net change in plan fiduciary net position	11,082,116	5,220,956	(112,374)	10,316,862
Plan fiduciary net position - beginning	81,781,384	76,560,428	76,672,802	66,355,940
Plan fiduciary net position - ending	<u>\$ 92,863,500</u>	<u>\$ 81,781,384</u>	<u>\$ 76,560,428</u>	<u>\$ 76,672,802</u>
C. Net pension liability (A-B)	<u>\$ 17,714,442</u>	<u>\$ 19,906,455</u>	<u>\$ 17,966,603</u>	<u>\$ 13,146,350</u>
D. Plan fiduciary net position as a percentage of the total pension liability	83.98%	80.42%	80.99%	85.36%
E. Covered payroll	\$ 7,858,654	\$ 7,394,222	\$ 7,145,922	\$ 6,411,046
F. Net pension liability as a percentage of covered payroll	225.41%	269.22%	251.42%	205.06%

Note: This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

** These amounts are the updated amount. The amount reported in the RSI in the Plan's financial does not reflect the updated amount of the "Difference between expected and actual experience of the total pension liability."

CITY OF HOMESTEAD, FLORIDA
REQUIRED SUPPLMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ELECTED OFFICIALS RETIREMENT PLAN

Measurement date December 31,	2017	2016	2015	2014
A. Total pension liability				
Service Cost	\$ 33,062	\$ 30,899	\$ 28,777	\$ 28,777
Interest on the total pension liability	221,813	213,296	205,503	196,249
Difference between expected and actual experience of the total pension liability	-	(147,132)	-	-
Changes of assumptions	-	127,575	-	-
Benefit payments	(121,962)	(118,409)	(84,381)	(91,469)
Net change in total pension liability	132,913	106,229	149,899	133,557
Total pension liability - beginning	3,314,035	3,207,806	3,057,907	2,924,350
Total pension liability - ending	<u>\$ 3,446,948</u>	<u>\$ 3,314,035</u>	<u>\$ 3,207,806</u>	<u>\$ 3,057,907</u>
B. Plan fiduciary net position				
Contributions - employer (from City)	\$ 297,864	\$ 297,864	\$ 136,611	\$ 221,576
Net investment income	203,238	162,124	(254,296)	3,474
Benefit payments	(121,962)	(118,409)	(84,381)	(91,469)
Pension plan administrative expense	(23,577)	(31,711)	(19,095)	(33,313)
Net change in plan fiduciary net position	355,563	309,868	(221,161)	100,268
Plan fiduciary net position - beginning	2,643,515	2,333,647	2,554,808	2,454,540
Plan fiduciary net position - ending	<u>\$ 2,999,078</u>	<u>\$ 2,643,515</u>	<u>\$ 2,333,647</u>	<u>\$ 2,554,808</u>
C. Net pension liability (A-B)	<u>\$ 447,870</u>	<u>\$ 670,520</u>	<u>\$ 874,159</u>	<u>\$ 503,099</u>
D. Plan fiduciary net position as a percentage of the total pension liability	87.01%	79.77%	72.75%	83.55%
E. Covered payroll	\$ 33,200	\$ 34,363	\$ 56,167	\$ 32,100
F. Net pension liability as a percentage of covered payroll	1349.01%	1951.28%	1556.36%	1567.29%

Note: This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

CITY OF HOMESTEAD, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
NEW ELECTED OFFICIALS AND SENIOR MANAGEMENT RETIREMENT SYSTEM

Measurement date December 31,	2017	2016	2015	2014
A. Total pension liability				
Service Cost	\$ 58,646	\$ 58,065	\$ 44,342	\$ 43,903
Interest on the total pension liability	306,336	301,228	288,559	284,923
Difference between expected and actual experience of the total pension liability	-	20,951	-	-
Changes of assumptions	-	100,119	-	-
Benefit payments	(287,120)	(281,288)	(278,718)	(272,069)
Net change in total pension liability	77,862	199,075	54,183	56,757
Total pension liability - beginning	4,623,228	4,424,153	4,369,970	4,313,213
Total pension liability - ending	<u>\$ 4,701,090</u>	<u>\$ 4,623,228</u>	<u>\$ 4,424,153</u>	<u>\$ 4,369,970</u>
B. Plan fiduciary net position				
Contributions - employer	\$ 108,151	\$ 107,073	\$ 54,580	\$ 108,622
Net investment income	660,067	162,088	(64,059)	390,121
Benefit payments	(287,120)	(281,288)	(278,718)	(272,069)
Pension plan administrative expense	(66,113)	(47,988)	(29,472)	(31,358)
Other	(1,527)	-	-	-
Net change in plan fiduciary net position	413,458	(60,115)	(317,669)	195,316
Plan fiduciary net position - beginning	4,311,200	4,371,315	4,688,984	4,493,668
Plan fiduciary net position - ending	<u>\$ 4,724,658</u>	<u>\$ 4,311,200</u>	<u>\$ 4,371,315</u>	<u>\$ 4,688,984</u>
C. Net pension liability (A-B)	<u>\$ (23,568)</u>	<u>\$ 312,028</u>	<u>\$ 52,838</u>	<u>\$ (319,014)</u>
D. Plan fiduciary net position as a percentage of the total pension liability	100.50%	93.25%	98.81%	107.30%
E. Covered payroll	\$ 175,611	\$ 181,800	\$ 154,744	\$ 151,500
F. Net pension liability as a percentage of covered payroll	-13.42%	171.63%	34.15%	-210.57%

Note: This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

CITY OF HOMESTEAD, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS RETIREMENT SYSTEM

Measurement date December 31,	2017	2016	2015	2014
A. Total pension liability				
Interest on the total pension liability	\$ 477,065	\$ 520,113	\$ 511,447	\$ 500,515
Difference between expected and actual experience of the total pension liability	113,721	(314,459)	-	87,812
Changes of assumptions	-	(61,905)	433,681	-
Benefit payments	(888,166)	(993,410)	(1,031,456)	(1,000,057)
Other: excess premium tax money	122,635	146,910	254,332	302,968
Net change in total pension liability	(174,745)	(702,751)	168,004	(108,762)
Total pension liability - beginning	7,722,230	8,424,981	8,256,977	8,365,739
Total pension liability - ending	<u>\$ 7,547,485</u>	<u>\$ 7,722,230</u>	<u>\$ 8,424,981</u>	<u>\$ 8,256,977</u>
B. Plan fiduciary net position				
Contributions - employer	\$ 188,587	\$ 181,617	\$ 289,941	\$ 195,529
Contributions - employer (from state)	215,060	239,335	346,757	395,393
Net investment income	1,047,585	475,187	3,173	381,316
Benefit payments	(888,166)	(993,410)	(1,031,456)	(1,000,057)
Pension plan administrative expense	(72,089)	(58,793)	(61,629)	(54,920)
Net change in plan fiduciary net position	490,977	(156,064)	(453,214)	(82,739)
Plan fiduciary net position - beginning	7,219,945	7,376,009	7,829,223	7,911,962
Plan fiduciary net position - ending	<u>\$ 7,710,922</u>	<u>\$ 7,219,945</u>	<u>\$ 7,376,009</u>	<u>\$ 7,829,223</u>
C. Net pension liability (A-B)	<u>\$ (163,437)</u>	<u>\$ 502,285</u>	<u>\$ 1,048,972</u>	<u>\$ 427,754</u>
D. Plan fiduciary net position as a percentage of the total pension liability	102.17%	93.50%	87.55%	94.82%
E. Covered payroll	\$ -	\$ -	\$ -	\$ -
F. Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

Note: This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

CITY OF HOMESTEAD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Measurement date October 1,	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 1,040,917
Interest cost	421,901
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	(850,170)
Discount rate -6.28%	
Trend rate 0.00 %	
Mortality 0.00 %	
<u>ACA 0.00 %</u>	
Total increase/(decrease) -6.28%	
Pre-funding contributions - employer	-
Net investment income	-
Benefit payments	(52,936)
Net change in total OPEB liability	559,712
Total OPEB liability - beginning	13,538,196 ***
Total OPEB liability - ending	<u>\$ 14,097,908</u>
 Covered payroll	 \$ 24,961,866
 Total OPEB liability as a percentage of covered payroll	 56.48%

Note: This schedule is intended to have ten years of data. Implementation of GASB No. 75 occurred in fiscal year 2018.

Additional data to be compiled as information becomes available.

GASB 75 requires that the impact of all assumptions changes to be calculated and disclosed.

There were no assumption changes in this valuation other than the discount rate.

*** This is last year's Unfunded Actuarial Accrued Liability (UAAL). It is now Total OPEB liability.

CITY OF HOMESTEAD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST FIVE YEARS

City's Fiscal Year Ended	Actuarially Determined Contribution	Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll *	Actual contribution as a % of covered payroll		
General Employees' Retirement Plan							
09/30/18	\$ 2,794,643	\$ 2,794,643	\$ -	\$ 8,403,325	33.26%	Valuation date	10/1/2016
09/30/17	2,505,891	2,505,891	-	9,012,525	27.80%	Actuarial cost method	Entry age normal
09/30/16	2,725,022	2,725,022	-	8,845,600	30.81%	Amortization method	level dollar, closed
09/30/15	2,834,656	2,834,656	-	9,008,325	31.47%	Remaining amortization period	15 years
09/30/14	2,874,430	2,874,430	-	9,212,500	31.20%	Asset valuation method	4-year smoothed market
						Salary increases	5.0% including inflation
						Investment rate of return	6.75%
						Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
						Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates currently in use for Regular Class members of the Florida Retirement System (FRS), as mandated by Florida House Bill 1309.
Police Officers' Retirement Plan							
09/30/18	\$ 4,648,788	\$ 3,886,218	\$ 762,570 **	\$ 8,151,843	47.67%	Valuation date	10/1/2016
09/30/17	4,321,511	4,574,686 ***	(253,175)	7,858,654	58.21%	Actuarial cost method	Entry age normal
09/30/16	4,051,435	4,259,601 ***	(208,166)	7,394,222	57.61%	Amortization method	level dollar amount, closed
09/30/15	4,076,435	4,344,721 ***	(268,286)	7,145,922	60.80%	Remaining amortization period	23 years
09/30/14	4,381,884	4,518,880 ***	(136,996)	6,411,046	70.49%	Asset valuation method	4-year smoothed market
						Salary increases	5.85% to 9.8% depending on service
						Investment rate of return	7.60%
						Retirement age	Upon eligibility
						Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates currently in use for Special Risk Class members of the Florida Retirement System (FRS), as mandated by Florida House Bill 1309.

Notes to the schedule of contributions:

Note 1 Actuarially determined contribution amounts are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.
This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

* Covered employee payroll was calculated by dividing total member contributions for the fiscal year by the member contribution rate of 4% for the general Employees' Retirement Plan and 7.65% for the Police Officers' Retirement Plan.

** Pursuant to Senate Bill 172, the City and Plan members mutually consented to use of the State contribution reserve of \$765,570 as an offset to the City's contribution requirement for fiscal year ending September 30, 2018.

*** Restated to reflect contributions of excess state insurance tax premium monies previously made but not recognized until mutually consented by the City and the Plan members.

CITY OF HOMESTEAD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST FIVE YEARS

Pension Plan YE	City's Fiscal Year Ended	Actuarially Determined Contribution	Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual contribution as a % of covered payroll			
Elected Officials Retirement Plan									
12/31/17	09/30/18	\$ 297,864	\$ 297,864	\$ -	\$ 33,200	**	897.18%	Valuation date	1/1/2016
12/31/16	09/30/17	297,864	297,864	-	34,363		866.82%	Actuarial cost method	Entry age normal
12/31/15	09/30/16	136,611	136,611	-	56,167	*	243.22%	Amortization method	level dollar, closed
12/31/14	09/30/15	136,611	221,576	(84,965)	32,100		690.27%	Remaining amortization period	4 years
12/31/13	09/30/14	221,576	221,576	-	94,267		235.05%	Asset valuation method	Market value
								Salary increases	7.00%
								Investment rate of return	6.75%
								Retirement age	100% upon eligibility to retire
								Mortality	The RP-2000 mortality table for annuitants with future improvements in mortality projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. These are the same rates used for Non-Special Risk class members of the Florida Retirement System (FRS) for the July 1, 2015 valuation.
New Elected Officials and Senior Management Retirement System									
12/31/17	09/30/18	\$ 108,151	\$ 108,151	\$ -	\$ 175,611	**	61.59%	Valuation date	1/1/2016
12/31/16	09/30/17	107,073	107,073	-	181,800		58.90%	Actuarial cost method	Aggregate
12/31/15	09/30/16	54,580	54,580	-	154,744		35.27%	Amortization method	N/A
12/31/14	09/30/15	54,042	108,622	(54,580)	151,500		71.70%	Remaining amortization period	N/A
12/31/13	09/30/14	129,129	196,245	(67,116)	151,500		129.53%	Asset valuation method	Market value of assets
								Salary increases	1% per year for Elected Officials
								Investment rate of return	6.75%
								Retirement age	100% when first eligible for normal retirement
								Mortality	The RP-2000 mortality table for annuitants with future improvements in mortality projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. These are the same rates used for Non-Special Risk class members of the Florida Retirement System (FRS) for the July 1, 2015 valuation.

Notes to the schedule of contributions:

- Notes :** This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.
- ** Covered payroll is estimated to be the covered payroll in the actuarial valuation except where otherwise noted.
- * Reflects total pay for a rehired active member and an active member who retired during the plan year.

CITY OF HOMESTEAD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST FIVE YEARS

Pension Plan	City's Fiscal Year	Actuarially Determined Contribution	Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual contribution as a % of covered payroll		
YE	Ended							
Firefighters Retirement System								
12/31/17	09/30/18	\$ 281,012	\$ 281,012	\$ -	\$ -	N/A	Valuation date	1/1/2017
12/31/16	09/30/17	274,042	274,042	-	-	N/A	Actuarial cost method	Entry age normal actuarial cost method
12/31/15	09/30/16	382,366	382,366	-	-	N/A	Remaining amortization period	5 years
12/31/14	09/30/15	287,954	287,954	-	-	N/A	Asset valuation method	5-year smoothed market
12/31/13	09/30/14	329,195	329,195	-	-	N/A	Inflation	2.50%
							Salary increases	N/A
							Investment rate of return	6.50%
							Retirement age	N/A
							Mortality	RP-2000 Mortality Table for Annuitants (for healthy post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For disabled retirees, the mortality table used was 60% of the RP-2000 Mortality Table for disabled annuitants with ages set back 4 years for males and set forward 2 years for females, and 40% of the RP2000 Mortality Table for healthy annuitants with a 100% white collar adjustment, with no provision being made for future mortality improvements. These are the same rates currently in use for Special Risk Class members of the Florida Retirement System (FRS) in the July 1, 2016 Valuation, as mandated by Florida House Bill 1309

Notes to the schedule of contributions:

Notes : Actuarially determined contribution amounts are calculated as of January 1, which is nine months prior to the end of the fiscal year in which contributions are reported. This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

MAJOR GOVERNMENTAL FUNDS

Capital Project Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

Multimodal Transit Center Fund – This fund is used to account for the cost associated with the construction of a parking garage/retail facility (Multimodal Transit Center) financed through Taxable Transportation System Revenue Bonds, Series 2017.



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CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL MAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Capital Project Funds			
	<u>Multimodal Transit Center</u>			Variance with Final Budget - (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Investment income	\$ -	\$ -	\$ 347,613	\$ 347,613
Total revenues	-	-	347,613	347,613
Expenditures:				
Current:				
Public works	-	82,884	669,286	(586,402)
Capital outlay	32,746,651	32,997,618	436,401	32,561,217
Debt service:				
Interest and fiscal charges	18,959	1,100	1,100	-
Total expenditures	32,765,610	33,081,602	1,106,787	31,974,815
Excess (deficiency) of revenues over expenditures	(32,765,610)	(33,081,602)	(759,174)	32,322,428
Other financing sources: (uses):				
Issuance of other long-term debt	-	1,270,000	-	(1,270,000)
Transfer in	-	-	287,834	287,834
Transfer out	-	(954,008)	(3,921,616)	(2,967,608)
Appropriation of prior years' fund balance	32,765,610	32,765,610	-	(32,765,610)
Total other financing sources (uses)	32,765,610	33,081,602	(3,633,782)	(36,715,384)
Change in fund balance	\$ -	\$ -	(4,392,956)	\$ (4,392,956)
Fund balance - beginning			28,347,814	
Fund balance - ending			<u>\$ 23,954,858</u>	



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NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sundries Grants – This fund is used to account for expenditures and revenues derived from various grants.

Community Development Block Grants – This fund was established to account for expenditures and revenues derived from Community Development Block Grants obtained from the Department of Housing and Urban Development (HUD), and other local agencies.

Confiscated Property Law Enforcement Fund – This fund is used to account for monies received from federal and state confiscated and forfeited property and from county surcharges of traffic violations. The federal and state equitable shared property are to be used in accordance with State of Florida Statutes, Chapter 932, the United States Department of Justice publication, *A Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies*, and the United States Treasury Department publication, *Guide to Equitable Sharing for Foreign Countries and Federal, State, and Local Law Enforcement Agencies*, which govern the use of confiscated and forfeited funds. The county funds are restricted to use on police training activities.

Disaster Relief Fund– This fund is used to account for the expenditures and reimbursements related to natural disasters.

Homestead Miami Speedway – This fund is used to account for the lease rental income and costs related to the bond debt service and taxes for the racetrack facility.

Debt Service Funds

Debt service funds are used to account for the servicing of the governmental debt.

Taxable Transportation System Revenue Bonds Debt Service – This fund is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of the Taxable Transportation System Revenue Bonds, Series 2017.

HERO/Tax Increment Financing Debt Service – This fund is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of the Homestead Economic and Rebuilding Organization (HERO) Increment Revenue Bonds.

GOB Debt Service – This fund is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of the General Obligation Bonds, Series 2014.

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

People's Transportation Plan – This fund is used to account for surtax revenues received from Miami-Dade County based on a one-half of one percent discretionary sales surtax on all transactions occurring in Miami-Dade County per an Interlocal agreement. At least 20% of the surtax revenue must be used for transit purposes such as buses, bus shelters and other transit-related infrastructure and the remainder be used for transportation.

Capital Improvement Fund – This fund is used to account for various capital improvement projects for the General Fund, funded mostly from the capital leases.

New City Hall Fund – This fund is used to account for the cost associated with the construction of the New City Hall Building.

New Police Building Fund – This fund is used to account for the cost associated with the construction of the New Police Building financed through General Obligation Bonds.

Seminole Theatre Renovation Fund – This fund was used to account for the renovation of the Seminole Theatre. Financing is provided by the General Obligation Bonds. This fund was closed in 2018.

Cybrary Fund – This fund is used to account for the for the cost associated with the construction of a new Cybrary building, and the various sources of funding, including a HUD Section 108 Loan.

CITY OF HOMESTEAD, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Special Revenue Funds					
	Sundries <u>Grants</u>	Community Development Block <u>Grants</u>	Confiscated Property <u>Property</u>	Disaster Relief <u>Relief</u>	Homestead Miami Speedway <u>Speedway</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 7,229	\$ 351,380	\$ -	\$ 198,501	\$ 211,075	\$ 768,185
Interest receivable on investments	-	-	894	-	-	894
Account receivables, net	2,971,244	111,094	1,082	-	-	3,083,420
Due from other funds	-	-	-	-	475,000	475,000
Prepaid costs	-	-	382	-	-	382
Restricted assets:						
Cash and cash equivalents	-	-	785,956	-	112,841	898,797
Investments	-	-	240,581	-	883,331	1,123,912
Asset available for sale	-	807,346	-	-	-	807,346
Total Assets	<u>\$ 2,978,473</u>	<u>\$ 1,269,820</u>	<u>\$ 1,028,895</u>	<u>\$ 198,501</u>	<u>\$ 1,682,247</u>	<u>\$ 7,157,936</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 548,041	\$ 110,241	\$ 120,599	\$ 184,698	\$ -	\$ 963,579
Due to other funds	1,780,000	-	-	-	-	1,780,000
Unearned revenue	89,908	421,034	137,181	-	-	648,123
Total Liabilities	<u>2,417,949</u>	<u>531,275</u>	<u>257,780</u>	<u>184,698</u>	<u>-</u>	<u>3,391,702</u>
FUND BALANCES						
<i>Nonspendable :</i>						
Prepaid costs	-	-	382	-	-	382
<i>Restricted :</i>						
Grants	560,524	-	-	-	-	560,524
Community development	-	738,545	-	-	-	738,545
Disaster relief	-	-	-	13,803	-	13,803
Law enforcement	-	-	770,733	-	-	770,733
Debt service	-	-	-	-	996,172	996,172
<i>Assigned :</i>						
Parks and recreation	-	-	-	-	686,075	686,075
Total fund balances	<u>560,524</u>	<u>738,545</u>	<u>771,115</u>	<u>13,803</u>	<u>1,682,247</u>	<u>3,766,234</u>
Total liabilities and fund balances	<u>\$ 2,978,473</u>	<u>\$ 1,269,820</u>	<u>\$ 1,028,895</u>	<u>\$ 198,501</u>	<u>\$ 1,682,247</u>	<u>\$ 7,157,936</u>

(Continued)

CITY OF HOMESTEAD, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

SEPTEMBER 30, 2018

	Debt Service Funds			
	Taxable Transportation System Revenue <u>Bonds</u>	HERO/Tax Increment <u>Financing</u>	General Obligation <u>Bonds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 431,646	\$ -	\$ 431,646
Restricted assets:				
Cash and cash equivalents	<u>449,841</u>	<u>305,976</u>	<u>142,717</u>	<u>898,534</u>
Total Assets	<u>\$ 449,841</u>	<u>\$ 737,622</u>	<u>\$ 142,717</u>	<u>\$ 1,330,180</u>
FUND BALANCES				
<i>Restricted :</i>				
Debt service	<u>449,841</u>	<u>737,622</u>	<u>142,717</u>	<u>1,330,180</u>
Total fund balances	<u>449,841</u>	<u>737,622</u>	<u>142,717</u>	<u>1,330,180</u>
 Total liabilities and fund balances	 <u>\$ 449,841</u>	 <u>\$ 737,622</u>	 <u>\$ 142,717</u>	 <u>\$ 1,330,180</u>

(Continued)

CITY OF HOMESTEAD, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

SEPTEMBER 30, 2018

	Capital Projects Funds						Total Other Governmental Funds
	People's Transportation Plan	Capital Improvement	New City Hall	New Police Building	Cybrary	Total	
ASSETS							
Cash and cash equivalents	\$ 33,418	\$ 219,679	\$ 204,662	\$ -	\$ 645,581	\$ 1,103,340	\$ 2,303,171
Investments	683,080	-	-	-	398	683,478	683,478
Interest receivable on investments	2,538	-	-	-	1,407	3,945	4,839
Account receivables, net	992,935	-	183,904	-	-	1,176,839	4,260,259
Due from other funds	800,000	300,000	-	-	185,000	1,285,000	1,760,000
Prepaid costs	9,018	-	-	-	-	9,018	9,400
Restricted assets:							
Cash and cash equivalents	-	-	-	2,300	-	2,300	1,799,631
Investments	-	-	-	436,432	378,242	814,674	1,938,586
Asset available for sale	-	-	-	-	-	-	807,346
Total Assets	<u>\$ 2,520,989</u>	<u>\$ 519,679</u>	<u>\$ 388,566</u>	<u>\$ 438,732</u>	<u>\$ 1,210,628</u>	<u>\$ 5,078,594</u>	<u>\$ 13,566,710</u>
LIABILITIES							
Accounts payable and accrued liabilities	69,104	7,386	13,803	116,442	2,162	208,897	1,172,476
Due to other funds	-	-	-	185,000	-	185,000	1,965,000
Unearned revenue	488,958	-	-	-	-	488,958	1,137,081
Other liabilities	-	-	156,250	-	-	156,250	156,250
Total Liabilities	<u>558,062</u>	<u>7,386</u>	<u>170,053</u>	<u>301,442</u>	<u>2,162</u>	<u>1,039,105</u>	<u>4,430,807</u>
FUND BALANCES							
<i>Nonspendable :</i>							
Prepaid costs	9,018	-	-	-	-	9,018	9,400
<i>Restricted :</i>							
Grants	-	-	-	-	-	-	560,524
Community development	-	-	-	-	-	-	738,545
Disaster relief	-	-	-	-	-	-	13,803
Law enforcement	-	-	-	-	-	-	770,733
Debt service	-	-	-	-	-	-	2,326,352
Capital projects	-	-	-	137,290	378,242	515,532	515,532
Transit and transportation	1,953,909	-	-	-	-	1,953,909	1,953,909
<i>Assigned :</i>							
Parks and recreation	-	-	-	-	-	-	686,075
Capital Project	-	512,293	218,513	-	830,224	1,561,030	1,561,030
Total fund balances	<u>1,962,927</u>	<u>512,293</u>	<u>218,513</u>	<u>137,290</u>	<u>1,208,466</u>	<u>4,039,489</u>	<u>9,135,903</u>
Total liabilities and fund balances	<u>\$ 2,520,989</u>	<u>\$ 519,679</u>	<u>\$ 388,566</u>	<u>\$ 438,732</u>	<u>\$ 1,210,628</u>	<u>\$ 5,078,594</u>	<u>\$ 13,566,710</u>

CITY OF HOMESTEAD, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds					
	Sundries	Community	Confiscated	Disaster	Homestead	
	<u>Grants</u>	Development	<u>Property</u>	<u>Relief</u>	<u>Miami</u>	<u>Total</u>
		<u>Grants</u>			<u>Speedway</u>	
Revenues:						
Intergovernmental	\$ 4,232,591	\$ 531,278	\$ -	\$ 172,586	\$ -	\$ 4,936,455
Fines and forfeitures	-	-	1,456,943	-	-	1,456,943
Investment income (loss)	-	-	4,613	-	-	4,613
Rentals and other revenues	11,673	-	-	-	1,074,266	1,085,939
Total revenues	<u>4,244,264</u>	<u>531,278</u>	<u>1,461,556</u>	<u>172,586</u>	<u>1,074,266</u>	<u>7,483,950</u>
Expenditures:						
Current:						
General government	27,665	544,163	-	-	-	571,828
Public safety	968,754	-	962,819	-	-	1,931,573
Parks and recreation	9,898	-	-	-	730,789	740,687
Disaster relief	-	-	-	4,774,725	-	4,774,725
Capital outlay	2,898,780	3,241	8,334	-	-	2,910,355
Debt service:						
Principal	-	194,000	-	-	550,000	744,000
Interest and fiscal charges	-	369	-	-	24,391	24,760
Total expenditures	<u>3,905,097</u>	<u>741,773</u>	<u>971,153</u>	<u>4,774,725</u>	<u>1,305,180</u>	<u>11,697,928</u>
Excess (deficiency) of revenues over expenditures	<u>339,167</u>	<u>(210,495)</u>	<u>490,403</u>	<u>(4,602,139)</u>	<u>(230,914)</u>	<u>(4,213,978)</u>
Other financing sources (uses):						
Transfers in	-	-	-	5,400,000	-	5,400,000
Transfers out	(332,181)	-	-	-	-	(332,181)
Total other financing sources	<u>(332,181)</u>	<u>-</u>	<u>-</u>	<u>5,400,000</u>	<u>-</u>	<u>5,067,819</u>
Change in fund balances	6,986	(210,495)	490,403	797,861	(230,914)	853,841
Fund balances, beginning	<u>553,538</u>	<u>949,040</u>	<u>280,712</u>	<u>(784,058)</u>	<u>1,913,161</u>	<u>2,912,393</u>
Fund balances, ending	<u>\$ 560,524</u>	<u>\$ 738,545</u>	<u>\$ 771,115</u>	<u>\$ 13,803</u>	<u>\$ 1,682,247</u>	<u>\$ 3,766,234</u>

(Continued)

CITY OF HOMESTEAD, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Debt Service Funds			
	Taxable Transportation System Revenue <u>Bonds</u>	HERO/Tax Increment <u>Financing</u>	General Obligation <u>Bonds</u>	<u>Total</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ 1,393,318	\$ 1,393,318
Total revenues	<u>-</u>	<u>-</u>	<u>1,393,318</u>	<u>1,393,318</u>
Expenditures:				
Debt service:				
Principal	865,000	284,203	465,000	1,614,203
Interest and fiscal charges	<u>931,807</u>	<u>38,341</u>	<u>1,021,088</u>	<u>1,991,236</u>
Total expenditures	<u>1,796,807</u>	<u>322,544</u>	<u>1,486,088</u>	<u>3,605,439</u>
Excess (deficiency) of revenues over expenditures	<u>(1,796,807)</u>	<u>(322,544)</u>	<u>(92,770)</u>	<u>(2,212,121)</u>
Other financing sources:				
Transfers in	<u>2,246,648</u>	<u>327,500</u>	<u>-</u>	<u>2,574,148</u>
Total other financing sources	<u>2,246,648</u>	<u>327,500</u>	<u>-</u>	<u>2,574,148</u>
Change in fund balances	449,841	4,956	(92,770)	362,027
Fund balances, beginning	<u>-</u>	<u>732,666</u>	<u>235,487</u>	<u>968,153</u>
Fund balances, ending	<u>\$ 449,841</u>	<u>\$ 737,622</u>	<u>\$ 142,717</u>	<u>\$ 1,330,180</u>

(Continued)

CITY OF HOMESTEAD, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Capital Projects Funds							Total Other Governmental Funds
	People's Transportation Plan	Capital Improvement	New City Hall	New Police Building	Seminole Theatre	Cybrary	Total	
Revenues:								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,393,318
Intergovernmental	2,928,991	-	-	-	-	-	2,928,991	7,865,446
Fines and forfeitures	-	-	-	-	-	-	-	1,456,943
Investment income	6,626	-	1,275	2,995	-	2,598	13,494	18,107
Rentals and other revenues	286	-	-	-	16	-	302	1,086,241
Total revenues	<u>2,935,903</u>	<u>-</u>	<u>1,275</u>	<u>2,995</u>	<u>16</u>	<u>2,598</u>	<u>2,942,787</u>	<u>11,820,055</u>
Expenditures:								
Current:								
General government	-	342,688	4,680	-	-	-	347,368	919,196
Public safety	-	-	-	167,063	-	-	167,063	2,098,636
Public works	1,104,648	-	-	-	-	-	1,104,648	1,104,648
Parks and recreation	-	-	-	-	-	15,734	15,734	756,421
Disaster relief	-	-	-	-	-	-	-	4,774,725
Capital outlay	114,022	51,890	84,821	351,453	13,600	185,992	801,778	3,712,133
Debt service:								
Principal	-	-	-	-	-	-	-	2,358,203
Interest and fiscal charges	-	-	-	-	-	-	-	2,015,996
Total expenditures	<u>1,218,670</u>	<u>394,578</u>	<u>89,501</u>	<u>518,516</u>	<u>13,600</u>	<u>201,726</u>	<u>2,436,591</u>	<u>17,739,958</u>
Excess (deficiency) of revenues over expenditures	<u>1,717,233</u>	<u>(394,578)</u>	<u>(88,226)</u>	<u>(515,521)</u>	<u>(13,584)</u>	<u>(199,128)</u>	<u>506,196</u>	<u>(5,919,903)</u>
Other financing sources (uses):								
Issuance of debt (HUD section 108 loan)	-	-	-	-	-	194,000	194,000	194,000
Transfers in	954,008	394,892	-	-	-	-	1,348,900	9,323,048
Transfers out	(1,747,892)	-	-	-	(2,724)	-	(1,750,616)	(2,082,797)
Total other financing sources	<u>(793,884)</u>	<u>394,892</u>	<u>-</u>	<u>-</u>	<u>(2,724)</u>	<u>194,000</u>	<u>(207,716)</u>	<u>7,434,251</u>
Change in fund balances	923,349	314	(88,226)	(515,521)	(16,308)	(5,128)	298,480	1,514,348
Fund balances, beginning	<u>1,039,578</u>	<u>511,979</u>	<u>306,739</u>	<u>652,811</u>	<u>16,308</u>	<u>1,213,594</u>	<u>3,741,009</u>	<u>7,621,555</u>
Fund balances, ending	<u>\$ 1,962,927</u>	<u>\$ 512,293</u>	<u>\$ 218,513</u>	<u>\$ 137,290</u>	<u>\$ -</u>	<u>\$ 1,208,466</u>	<u>\$ 4,039,489</u>	<u>\$ 9,135,903</u>

CITY OF HOMESTEAD, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Fund							
	<u>Confiscated Property</u>				<u>Disaster Relief</u>			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,586	\$ 172,586
Fines and forfeitures	-	1,418,251	1,456,943	38,692	-	-	-	-
Investment income	-	-	4,613	4,613	-	-	-	-
Total revenues	-	1,418,251	1,461,556	43,305	-	-	172,586	172,586
Expenditures:								
Current:								
Public safety	-	1,690,529	962,819	727,710	-	-	-	-
Disaster relief	-	-	-	-	754,184	6,154,184	4,774,725	1,379,459
Capital outlay	8,434	8,434	8,334	100	-	-	-	-
Total expenditures	8,434	1,698,963	971,153	727,810	754,184	6,154,184	4,774,725	1,379,459
Excess (deficiency) of revenues over expenditures	(8,434)	(280,712)	490,403	771,115	(754,184)	(6,154,184)	(4,602,139)	1,552,045
Other financing sources::								
Transfers in	-	-	-	-	-	5,400,000	5,400,000	-
Appropriation of prior years' fund balance	8,434	280,712	-	(280,712)	754,184	754,184	-	(754,184)
Total other financing sources	8,434	280,712	-	(280,712)	754,184	6,154,184	5,400,000	(754,184)
Change in fund balance	\$ -	\$ -	490,403	\$ 490,403	\$ -	\$ -	797,861	\$ 797,861
Fund balance - beginning			280,712				(784,058)	
Fund balance - ending			\$ 771,115				\$ 13,803	

(Continued)

CITY OF HOMESTEAD, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Fund				Debt Service Fund			
	<u>Homestead Miami Speedway</u>				<u>Taxable Transportation System Revenue Bonds</u>			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
Revenues:								
Rentals and other revenues	\$ 1,079,115	\$ 1,079,115	\$ 1,074,266	\$ (4,849)	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>1,079,115</u>	<u>1,079,115</u>	<u>1,074,266</u>	<u>(4,849)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
Current:								
General government	-	-	-	-	1,800,000	-	-	-
Parks and recreation	699,000	699,000	730,789	(31,789)	-	-	-	-
Debt service:								
Principal	550,000	550,000	550,000	-	-	865,000	865,000	-
Interest and fiscal charges	<u>32,626</u>	<u>32,626</u>	<u>24,391</u>	<u>8,235</u>	<u>-</u>	<u>935,000</u>	<u>931,807</u>	<u>3,193</u>
Total expenditures	<u>1,281,626</u>	<u>1,281,626</u>	<u>1,305,180</u>	<u>(23,554)</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,796,807</u>	<u>3,193</u>
Excess (deficiency) of revenues over expenditures	(202,511)	(202,511)	(230,914)	(28,403)	(1,800,000)	(1,800,000)	(1,796,807)	3,193
Other financing sources::								
Transfers in	-	-	-	-	1,800,000	1,800,000	2,246,648	446,648
Appropriation of prior years' fund balance	<u>202,511</u>	<u>202,511</u>	-	(202,511)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>202,511</u>	<u>202,511</u>	<u>-</u>	<u>(202,511)</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>2,246,648</u>	<u>446,648</u>
Change in fund balance	\$ -	\$ -	\$ (230,914)	\$ (230,914)	\$ -	\$ -	\$ 449,841	449,841
Fund balance - beginning			<u>1,913,161</u>				<u>-</u>	
Fund balance - ending			<u>\$ 1,682,247</u>				<u>\$ 449,841</u>	

(Continued)

CITY OF HOMESTEAD, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Debt Service Fund							
	<u>HERO/Tax Increment Financing</u>		Variance with Final Budget - Positive (Negative)		<u>General Obligation Bonds</u>		Variance with Final Budget - Positive (Negative)	
	<u>Budgeted Amounts</u>				<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,381,597	\$ 1,381,597	\$ 1,393,318	\$ 11,721
Total revenues	-	-	-	-	1,381,597	1,381,597	1,393,318	11,721
Expenditures:								
Debt service:								
Principal	284,203	284,203	284,203	-	465,000	465,000	465,000	-
Interest and fiscal charges	43,297	43,297	38,341	4,956	1,022,238	1,022,238	1,021,088	1,150
Total expenditures	327,500	327,500	322,544	4,956	1,487,238	1,487,238	1,486,088	1,150
Excess (deficiency) of revenues over expenditures	(327,500)	(327,500)	(322,544)	4,956	(105,641)	(105,641)	(92,770)	12,871
Other financing sources::								
Transfers in	327,500	327,500	327,500	-	-	-	-	-
Appropriation of prior years' fund balance	-	-	-	-	105,641	105,641	-	(105,641)
Total other financing sources	327,500	327,500	327,500	-	105,641	105,641	-	(105,641)
Change in fund balance	\$ -	\$ -	4,956	\$ 4,956	\$ -	\$ -	(92,770)	\$ (92,770)
Fund balance - beginning			732,666				235,487	
Fund balance - ending			\$ 737,622				\$ 142,717	

(Continued)

CITY OF HOMESTEAD, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

Capital Project Funds								
<u>People's Transportation Plan</u>					<u>Capital Improvement</u>			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ 2,712,447	\$ 2,712,447	\$ 2,928,991	\$ 216,544	\$ -	\$ -	\$ -	\$ -
Investment income	12,000	12,000	6,626	(5,374)	-	-	-	-
Rentals and other revenues	-	-	286	286	-	-	-	-
Total revenues	<u>2,724,447</u>	<u>2,724,447</u>	<u>2,935,903</u>	<u>211,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
Current:								
General government	-	-	-	-	605,304	549,944	342,688	207,256
Public safety	-	-	-	-	37,250	-	-	-
Public works	1,355,750	1,254,429	1,104,648	149,781	-	-	-	-
Capital outlay	1,374,145	2,081,582	114,022	1,967,560	48,020	140,630	51,890	88,740
Total expenditures	<u>2,729,895</u>	<u>3,336,011</u>	<u>1,218,670</u>	<u>2,117,341</u>	<u>690,574</u>	<u>690,574</u>	<u>394,578</u>	<u>295,996</u>
Excess (deficiency) of revenues over expenditures	<u>(5,448)</u>	<u>(611,564)</u>	<u>1,717,233</u>	<u>2,328,797</u>	<u>(690,574)</u>	<u>(690,574)</u>	<u>(394,578)</u>	<u>295,996</u>
Other financing sources (uses):								
Transfers in	-	954,008	954,008	-	394,892	394,892	394,892	-
Transfers out	(1,400,000)	(1,747,892)	(1,747,892)	-	-	-	-	-
Appropriation of prior years' fund balance	1,405,448	1,405,448	-	(1,405,448)	295,682	295,682	-	(295,682)
Total other financing sources	<u>5,448</u>	<u>611,564</u>	<u>(793,884)</u>	<u>(1,405,448)</u>	<u>690,574</u>	<u>690,574</u>	<u>394,892</u>	<u>(295,682)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>923,349</u>	<u>\$ 923,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>314</u>	<u>\$ 314</u>
Fund balance - beginning			<u>1,039,578</u>				<u>511,979</u>	
Fund balance - ending			<u>\$ 1,962,927</u>				<u>\$ 512,293</u>	

(Continued)

CITY OF HOMESTEAD, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Capital Project Funds							
	New City Hall				New Police Building			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Investment income	\$ -	\$ -	\$ 1,275	\$ 1,275	\$ -	\$ -	\$ 2,995	\$ 2,995
Total revenues	-	-	1,275	1,275	-	-	2,995	2,995
Expenditures:								
Current:								
General government	29,765	4,680	4,680	-	-	-	-	-
Public safety	-	-	-	-	7,136	174,146	167,063	7,083
Capital outlay	270,269	295,354	84,821	210,533	653,547	486,537	351,453	135,084
Total expenditures	300,034	300,034	89,501	210,533	660,683	660,683	518,516	142,167
Excess (deficiency) of revenues over expenditures	(300,034)	(300,034)	(88,226)	211,808	(660,683)	(660,683)	(515,521)	145,162
Other financing sources :								
Appropriation of prior years' fund balance	300,034	300,034	-	(300,034)	660,683	660,683	-	(660,683)
Total other financing sources	300,034	300,034	-	(300,034)	660,683	660,683	-	(660,683)
Change in fund balance	\$ -	\$ -	(88,226)	\$ (88,226)	\$ -	\$ -	(515,521)	\$ (515,521)
Fund balance - beginning			306,739				652,811	
Fund balance - ending			\$ 218,513				\$ 137,290	

CITY OF HOMESTEAD, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Capital Project Funds							
	<u>Seminole Theatre</u>				<u>Cybrary</u>			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
Revenues:								
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,598	\$ 2,598
Rentals and other revenues	-	-	16	16	-	-	-	-
Total revenues	-	-	16	16	-	-	2,598	2,598
Expenditures:								
Current:								
Parks and recreation	-	-	-	-	-	118,704	15,734	102,970
Disaster relief	-	-	-	-	-	-	-	-
Capital outlay	16,308	16,308	13,600	2,708	4,884,571	4,765,867	185,992	4,579,875
Total expenditures	16,308	16,308	13,600	2,708	4,884,571	4,884,571	201,726	4,682,845
Excess (deficiency) of revenues over expenditures	(16,308)	(16,308)	(13,584)	2,724	(4,884,571)	(4,884,571)	(199,128)	4,685,443
Other financing sources (uses):								
Issuance of debt (HUD section 108 loan)	-	-	-	-	-	-	194,000	194,000
Transfers out	-	-	(2,724)	(2,724)	-	-	-	-
Appropriation of prior years' fund balance	16,308	16,308	-	(16,308)	4,884,571	4,884,571	-	(4,884,571)
Total other financing sources	16,308	16,308	(2,724)	(19,032)	4,884,571	4,884,571	194,000	(4,690,571)
Change in fund balance	\$ -	\$ -	(16,308)	\$ (16,308)	\$ -	\$ -	(5,128)	\$ (5,128)
Fund balance - beginning			16,308				1,213,594	
Fund balance - ending			\$ -				\$ 1,208,466	

NONMAJOR PROPRIETARY FUNDS

NONMAJOR PROPRIETARY FUNDS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's Council has decided that periodic determination of net income is appropriate for accountability purposes.

Stormwater Fund - This fund accounts for the daily operating activities related to the Stormwater Utility.

Utilities Repair, Replacement and Improvement Fund – This fund accounts for the accumulation of assets to be utilized for the repair, replacement and improvements of the electric, water, sewer, and solid waste facilities of the City.



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CITY OF HOMESTEAD, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	<u>Stormwater</u>	<u>Utilities Repair Replacement and Improvements</u>	<u>Total Other Enterprise Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 113,993	\$ 5,344	\$ 119,337
Investments	2,184,005	-	2,184,005
Interest receivable on investments	8,116	-	8,116
Account receivables, net	623,437	-	623,437
Due from other funds	-	1,600,000	1,600,000
Total current assets	<u>2,929,551</u>	<u>1,605,344</u>	<u>4,534,895</u>
Noncurrent assets:			
Capital assets being depreciated, net	446,205	-	446,205
Total noncurrent assets	<u>446,205</u>	<u>-</u>	<u>446,205</u>
Total assets	<u>3,375,756</u>	<u>1,605,344</u>	<u>4,981,100</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for pension	94,764	-	94,764
Deferred outflows for OPEB	1,523	-	1,523
Total deferred outflows of resources	<u>96,287</u>	<u>-</u>	<u>96,287</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	29,808	-	29,808
Compensated absences	9,870	-	9,870
Equipment financing	364	-	364
Total current liabilities	<u>40,042</u>	<u>-</u>	<u>40,042</u>
Noncurrent liabilities:			
Compensated absences	23,030	-	23,030
Net pension liability	179,156	-	179,156
Total OPEB liability	381,963	-	381,963
Total noncurrent liabilities	<u>584,149</u>	<u>-</u>	<u>584,149</u>
Total liabilities	<u>624,191</u>	<u>-</u>	<u>624,191</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows for pension	64,368	-	64,368
Deferred inflows for OPEB	23,034	-	23,034
Total deferred inflows of resources	<u>87,402</u>	<u>-</u>	<u>87,402</u>
NET POSITION			
Net investment in capital assets	445,841	-	445,841
Unrestricted	2,314,609	1,605,344	3,919,953
Total net position	<u>\$ 2,760,450</u>	<u>\$ 1,605,344</u>	<u>\$ 4,365,794</u>

CITY OF HOMESTEAD, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NONMAJOR PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Stormwater</u>	<u>Utilities Repair Replacement and Improvements</u>	<u>Total Other Enterprise Funds</u>
Operating revenues:			
Charges for services	\$ 901,505	\$ -	\$ 901,505
Total operating revenues	<u>901,505</u>	<u>-</u>	<u>901,505</u>
Operating expenses:			
Personnel services	902,849	-	902,849
Other operating expenses	645,456	-	645,456
Depreciation	98,215	-	98,215
Total expenditures	<u>1,646,520</u>	<u>-</u>	<u>1,646,520</u>
Operating income	<u>(745,015)</u>	<u>-</u>	<u>(745,015)</u>
Non-operating income/(expense):			
Interest income	21,566	-	21,566
Interest expense	<u>(14)</u>	<u>-</u>	<u>(14)</u>
Total non-operating income	<u>21,552</u>	<u>-</u>	<u>21,552</u>
Income before transfers	<u>(723,463)</u>	<u>-</u>	<u>(723,463)</u>
Transfers out	<u>(6,437)</u>	<u>(988,929)</u>	<u>(995,366)</u>
Total transfers	<u>(6,437)</u>	<u>(988,929)</u>	<u>(995,366)</u>
Change in net position	(729,900)	(988,929)	(1,718,829)
Net position, beginning as originally stated	3,549,367	2,594,273	6,143,640
Prior period adjustment	<u>(59,017)</u>	<u>-</u>	<u>(59,017)</u>
Net position, beginning as restated	<u>3,490,350</u>	<u>2,594,273</u>	<u>6,084,623</u>
Net position, ending	<u>\$ 2,760,450</u>	<u>\$ 1,605,344</u>	<u>\$ 4,365,794</u>

CITY OF HOMESTEAD, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Stormwater</u>	<u>Utilities Repair Replacement and Improvements</u>	<u>Total Other Enterprise Funds</u>
Cash flows from operating activities:			
Cash received from customers	\$ 722,097	\$ -	\$ 722,097
Cash payments to suppliers	(631,381)	-	(631,381)
Cash received from other funds	350,000	900,000	1,250,000
Cash payments to employees	(872,301)	-	(872,301)
Net cash provided by (used in) operating activities	<u>(431,585)</u>	<u>900,000</u>	<u>468,415</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	(6,437)	(988,929)	(995,366)
Net cash used in noncapital financing activities	<u>(6,437)</u>	<u>(988,929)</u>	<u>(995,366)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(31,201)	-	(31,201)
Principal paid on long-term debt	(718)	-	(718)
Interest paid on long term debt	(14)	-	(14)
Net cash used in capital and related financing activities	<u>(31,933)</u>	<u>-</u>	<u>(31,933)</u>
Cash flows from investing activities:			
Purchases of investments	(61,385)	-	(61,385)
Proceeds from sale of investments	537,292	-	537,292
Interest received on investments	21,566	-	21,566
Net cash provided by investing activities	<u>497,473</u>	<u>-</u>	<u>497,473</u>
Net increase (decrease) in cash and cash equivalents	27,518	(88,929)	(61,411)
Cash and cash equivalents, beginning	<u>86,475</u>	<u>94,273</u>	<u>180,748</u>
Cash and cash equivalents, ending	<u>\$ 113,993</u>	<u>\$ 5,344</u>	<u>\$ 119,337</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating loss	\$ (745,015)	\$ -	\$ (745,015)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	98,215	-	98,215
Net changes in assets, liabilities, deferred outflows and deferred inflows:			
(Increase) decrease in:			
Interest receivable	2,712	-	2,712
Accounts receivables	(182,120)	-	(182,120)
Due from other funds	350,000	900,000	1,250,000
Deferred outflows for pensions	(21,592)	-	(21,592)
Deferred outflows for OPEB	(1,523)	-	(1,523)
Increase (decrease) in:			
Accounts payable and accrued liabilities	14,075	-	14,075
Due to other funds	-	-	-
Compensated Absences	(2,064)	-	(2,064)
Net pension liability	13,512	-	13,512
Total OPEB liability	12,102	-	12,102
Deferred inflows for pensions	7,079	-	7,079
Deferred inflows for OPEB	23,034	-	23,034
Total adjustments	<u>313,430</u>	<u>900,000</u>	<u>1,213,430</u>
Net cash provided by (used in) operating activities	<u>\$ (431,585)</u>	<u>\$ 900,000</u>	<u>\$ 468,415</u>
Non-cash investing, capital and financing activities:			
Change in fair value of investments	<u>\$ (25,938)</u>	<u>\$ -</u>	<u>\$ (25,938)</u>



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INTERNAL SERVICE FUNDS

CITY OF HOMESTEAD, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2018

	Governmental Activities				Business- type Activities	Total Internal Service
	Health Self- Insurance	Other Self- Insurance	Fleet Management	Total Governmental Activities	Customer Service	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 6,650	\$ 27,445	\$ 6,899	\$ 40,994	\$ 2,103	\$ 43,097
Account receivables, net	-	-	14,576	14,576	-	14,576
Due from other funds	-	3,880,000	460,000	4,340,000	1,610,000	5,950,000
Inventories	-	-	151,442	151,442	-	151,442
Total current assets	6,650	3,907,445	632,917	4,547,012	1,612,103	6,159,115
Noncurrent assets:						
Capital assets being depreciated, net	-	1,212	112,453	113,665	111,725	225,390
Total assets	6,650	3,908,657	745,370	4,660,677	1,723,828	6,384,505
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows for pension	-	42,499	130,240	172,739	299,036	471,775
Deferred outflows for OPEB	-	138	969	1,107	3,739	4,846
Total deferred outflows of resources	-	42,637	131,209	173,846	302,775	476,621
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	6,650	178,173	206,171	390,994	145,278	536,272
Compensated absences	-	4,566	17,532	22,098	17,273	39,371
Equipment financing	-	215	1,274	1,489	6,071	7,560
Claims and judgements	-	893,730	-	893,730	-	893,730
Total current liabilities	6,650	1,076,684	224,977	1,308,311	168,622	1,476,933
Noncurrent liabilities:						
Compensated absences	-	10,655	40,908	51,563	40,307	91,870
Net pension liability	-	80,347	246,225	326,572	565,341	891,913
Total OPEB liability	-	34,724	243,067	277,791	937,546	1,215,337
Claims and judgements	-	2,714,617	-	2,714,617	-	2,714,617
Total noncurrent liabilities	-	2,840,343	530,200	3,370,543	1,543,194	4,913,737
Total liabilities	6,650	3,917,027	755,177	4,678,854	1,711,816	6,390,670
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows for pension	-	28,867	88,465	117,332	203,119	320,451
Deferred inflows for OPEB	-	2,094	14,659	16,753	56,538	73,291
Total deferred inflows of resources	-	30,961	103,124	134,085	259,657	393,742
NET POSITION						
Net investment in capital assets	-	997	111,179	112,176	105,654	217,830
Unrestricted	-	2,309	(92,901)	(90,592)	(50,524)	(141,116)
Total net position	\$ -	\$ 3,306	\$ 18,278	\$ 21,584	\$ 55,130	\$ 76,714

CITY OF HOMESTEAD, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Governmental Activities			Business-type Activities	Total Internal Service
	Health Self- Insurance	Other Self- Insurance	Fleet Management	Total Governmental Activities	
Operating revenues:					
Charges for services	\$ 9,598,189	\$ 2,707,570	\$ 3,474,413	\$ 15,780,172	\$ 3,973,087
Other revenues	-	-	61,525	61,525	6,395
Total operating revenues	9,598,189	2,707,570	3,535,938	15,841,697	3,979,482
Operating expenses:					
Personnel services	-	139,742	721,226	860,968	2,032,252
Administration	52,213	1,018,078	-	1,070,291	-
Insurance and claims	9,545,976	1,540,169	-	11,086,145	-
Other operating expenses	-	-	2,682,842	2,682,842	1,740,043
Depreciation	-	902	110,986	111,888	48,213
Total operating expenses	9,598,189	2,698,891	3,515,054	15,812,134	3,820,508
Operating income (loss)	-	8,679	20,884	29,563	158,974
Non-operating expenses:					
Interest expense	-	(8)	(50)	(58)	(240)
Total non-operating expenses	-	(8)	(50)	(58)	(240)
Other financing uses:					
Transfer out	-	-	-	-	(25,747)
Total other financing uses	-	-	-	-	(25,747)
Change in net position	-	8,671	20,834	29,505	132,987
Net position, beginning as originally stated	-	-	35,000	35,000	67,005
Prior period adjustment	-	(5,365)	(37,556)	(42,921)	(144,862)
Net position, beginning as restated	-	(5,365)	(2,556)	(7,921)	(77,857)
Net position, ending	\$ -	\$ 3,306	\$ 18,278	\$ 21,584	\$ 55,130

CITY OF HOMESTEAD, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Governmental Activities				Business-type Activities	Total Internal Service
	Health Self-Insurance	Other Self-Insurance	Fleet Management	Total Governmental Activities	Customer Service	
Cash flows from operating activities:						
Cash received from other funds	\$ 9,598,189	\$ 3,527,570	\$ 3,275,938	\$ 16,401,697	\$ 3,869,482	\$ 20,271,179
Cash payments to suppliers	(9,596,339)	(3,461,878)	(2,552,974)	(15,611,191)	(1,767,225)	(17,378,416)
Cash payments to employees	-	(139,242)	(716,271)	(855,513)	(2,063,030)	(2,918,543)
Net cash provided by (used in) operating activities	1,850	(73,550)	6,693	(65,007)	39,227	(25,780)
Cash flows from noncapital financing activities:						
Transfers to other funds	-	-	-	-	(25,747)	(25,747)
Net cash used in noncapital financing activities	-	-	-	-	(25,747)	(25,747)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	-	-	(101,299)	(101,299)	(79,609)	(180,908)
Principal paid on long term debt	-	(423)	(2,514)	(2,937)	(11,983)	(14,920)
Interest paid on long term debt	-	(8)	(50)	(58)	(240)	(298)
Net cash used in capital and related financing activities	-	(431)	(103,863)	(104,294)	(91,832)	(196,126)
Net increase (decrease) in cash and cash equivalents	1,850	(73,981)	(97,170)	(169,301)	(78,352)	(247,653)
Cash and cash equivalents, beginning	4,800	101,426	104,069	210,295	80,455	290,750
Cash and cash equivalents, ending	\$ 6,650	\$ 27,445	\$ 6,899	\$ 40,994	\$ 2,103	\$ 43,097
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ -	\$ 8,679	\$ 20,884	\$ 29,563	\$ 158,974	\$ 188,537
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation	-	902	110,986	111,888	48,213	160,101
Net changes in assets, liabilities, deferred outflows and deferred inflows:						
(Increase) decrease in:						
Account receivables	-	-	(2,050)	(2,050)	-	(2,050)
Due from other funds	-	820,000	(260,000)	560,000	(110,000)	450,000
Prepaid / Other assets	-	10,801	-	10,801	-	10,801
Inventories	-	-	27,108	27,108	-	27,108
Net pension asset	-	-	-	-	-	-
Deferred outflows for pension	-	(8,825)	(27,077)	(35,902)	(10,627)	(46,529)
Deferred outflows for OPEB	-	(138)	(969)	(1,107)	(3,739)	(4,846)
Increase (decrease) in:						
Accounts payable and accrued liabilities	1,850	5,749	104,810	112,409	(27,182)	85,227
Due to other funds	-	-	-	-	-	-
Compensated Absences	-	(350)	(9,742)	(10,092)	7,579	(2,513)
Net pension liability	-	4,117	12,688	16,805	(87,546)	(70,741)
Total OPEB liability	-	1,100	7,701	8,801	29,704	38,505
Claims and judgements	-	(920,181)	-	(920,181)	-	(920,181)
Deferred inflows for pension	-	2,502	7,695	10,197	(22,687)	(12,490)
Deferred inflows for OPEB	-	2,094	14,659	16,753	56,538	73,291
Total adjustments	1,850	(82,229)	(14,191)	(94,570)	(119,747)	(214,317)
Net cash provided by (used in) operating activities	\$ 1,850	\$ (73,550)	\$ 6,693	\$ (65,007)	\$ 39,227	\$ (25,780)



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FIDUCIARY FUNDS

CITY OF HOMESTEAD, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

SEPTEMBER 30, 2018

	General Employees' Retirement Plan	Police Officers' Retirement Plan	Elected Officials' Retirement Plan (1)	New Elected Officials' and Senior Management Retirement System (1)	Firefighters' Retirement System (1)	Totals
ASSETS						
Cash and cash equivalents	\$ 2,446,356	\$ 1,467,212	\$ 147,243	\$ 310,660	\$ 608,261	\$ 4,979,732
Receivables:						
Other receivables	2,838	390,219	-	-	-	393,057
Contributions	11,477	664,566	-	-	-	676,043
Accrued investment income	315,144	266,223	17,862	1,259	29,566	630,054
Total receivables	329,459	1,321,008	17,862	1,259	29,566	1,699,154
Other asset	282,801	5,200	-	-	-	288,001
Investments:						
U.S. Government Securities	-	17,575,820	47,687	1,077	739,756	18,364,340
Corporate bonds	28,671,634	15,701,654	831,960	-	844,812	46,050,060
Mortgage backed securities	-	2,923,759	-	-	-	2,923,759
Hedge funds	2,968,198	-	-	-	-	2,968,198
Mutual funds - fixed income	-	-	1,689	1,021,989	1,528,696	2,552,374
Mutual funds - equity	7,156,158	-	42,183	3,215,407	-	10,413,748
Common stocks	42,272,959	59,394,154	1,682,121	-	3,939,462	107,288,696
Other	544,077	-	236,734	182,606	45,783	1,009,200
Total investments	81,613,026	95,595,387	2,842,374	4,421,079	7,098,509	191,570,375
TOTAL ASSETS	84,671,642	98,388,807	3,007,479	4,732,998	7,736,336	198,537,262
LIABILITIES						
DROP payable	616,594	417,589	-	-	-	1,034,183
Accounts payable	227,339	93,286	8,401	8,340	25,414	362,780
TOTAL LIABILITIES	843,933	510,875	8,401	8,340	25,414	1,396,963
DEFERRED INFLOWS OF RESOURCES						
Prepaid City contributions	-	233,217	-	-	-	233,217
Total deferred inflows of resources	-	233,217	-	-	-	233,217
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 83,827,709	\$ 97,644,715	\$ 2,999,078	\$ 4,724,658	\$ 7,710,922	\$ 196,907,082

(1) Amounts reflected as of December 31, 2017, the date of the latest plan year.

CITY OF HOMESTEAD, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	General Employees' Retirement Plan	Police Officers' Retirement Plan	Elected Officials' Retirement Plan (1)	New Elected Officials' and Senior Management Retirement System (1)	Firefighters' Retirement System (1)	Totals
ADDITIONS						
Contributions:						
City	\$ 2,794,643	\$ 3,233,825	\$ 297,864	\$ 108,151	\$ 188,587	\$ 6,623,070
Employees	336,745	723,982	-	-	-	1,060,727
State	-	652,393	-	-	215,060	867,453
Total contributions	<u>3,131,388</u>	<u>4,610,200</u>	<u>297,864</u>	<u>108,151</u>	<u>403,647</u>	<u>8,551,250</u>
Investment income:						
Investment earnings	2,618,318	2,040,160	126,806	157,267	614,513	5,557,064
Net appreciation in fair value of investments	2,353,460	4,407,219	101,898	531,234	480,978	7,874,789
Less investment expenses	(673,548)	(318,745)	(25,466)	(28,434)	(34,156)	(1,080,349)
Net investment income	<u>4,298,230</u>	<u>6,128,634</u>	<u>203,238</u>	<u>660,067</u>	<u>1,061,335</u>	<u>12,351,504</u>
Other revenues	8,986	2,234	-	-	-	11,220
Total additions	<u>7,438,604</u>	<u>10,741,068</u>	<u>501,102</u>	<u>768,218</u>	<u>1,464,982</u>	<u>20,913,974</u>
DEDUCTIONS						
Pension benefits	4,128,538	6,176,595	121,962	287,120	888,166	11,602,381
Refunds	34,398	16,764	-	-	-	51,162
Administrative expenses	114,953	113,859	23,577	66,113	85,839	404,341
Total deductions	<u>4,277,889</u>	<u>6,307,218</u>	<u>145,539</u>	<u>353,233</u>	<u>974,005</u>	<u>12,057,884</u>
Change in net position	3,160,715	4,433,850	355,563	414,985	490,977	8,856,090
NET POSITION RESTRICTED FOR PENSION BENEFITS						
Beginning of year	80,666,994	92,863,500	2,643,515	4,309,673	7,219,945	187,703,627
Prior period adjustment	-	347,365	-	-	-	347,365
Beginning - as restated	<u>80,666,994</u>	<u>93,210,865</u>	<u>2,643,515</u>	<u>4,309,673</u>	<u>7,219,945</u>	<u>188,050,992</u>
End of year	<u>\$ 83,827,709</u>	<u>\$ 97,644,715</u>	<u>\$ 2,999,078</u>	<u>\$ 4,724,658</u>	<u>\$ 7,710,922</u>	<u>\$ 196,907,082</u>

(1) Amounts reflected as of December 31, 2017, the date of the latest plan year.

STATISTICAL SECTION

Statistical Section

This part of the City of Homestead's comprehensive annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	168-172
The information presented in this section is intended to assist users in understanding and assessing how a government's financial position has changed over time.	
Revenue Capacity	173-177
These information presented in this section is intended to assist users in understanding and assessing the City's two most significant local revenue sources, the property tax and the electric utility revenues.	
Debt Capacity	178-183
The information presented in this section is intended to assist users in understanding and assessing the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	184-185
The information presented in this section is intended to assist users in understanding the socioeconomic environment within which the City operates.	
Operating Information	186-188
The information presented in this section contains service and infrastructure data and is intended to help the reader understand how the information in the City's financial reports relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant years.



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Financial Trends Information

Page

The information presented in this section is intended to assist users in understanding and assessing how a government's financial position has changed over time.

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CITY OF HOMESTEAD, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities:										
Net investment in capital assets	\$ 177,339,023	\$ 191,173,910	\$ 193,677,481	\$ 197,273,126	\$ 185,490,033	\$ 187,470,989	\$ 192,050,485	\$ 197,431,927	\$ 196,684,455	\$ 195,573,683
Restricted	17,404,061	13,992,265	13,803,772	13,390,211	14,940,715	13,458,908	16,119,168	15,502,010	15,113,659	12,592,423
Unrestricted	(5,692,542)	(1,908,807)	2,541,761	1,104,887	35,954,594	39,334,231	40,458,833	38,567,081	40,175,312	39,520,913
Total governmental activities net position	<u>\$ 189,050,542</u>	<u>\$ 203,257,368</u>	<u>\$ 210,023,014</u>	<u>\$ 211,768,224</u>	<u>\$ 236,385,342</u>	<u>\$ 240,264,128</u>	<u>\$ 248,628,486</u>	<u>\$ 251,501,018</u>	<u>\$ 251,973,426</u>	<u>\$ 247,687,019</u>
Business-type activities:										
Net investment in capital assets	\$ 34,074,210	\$ 29,169,365	\$ 29,643,262	\$ 30,874,752	\$ 32,798,643	\$ 34,386,325	\$ 34,166,191	\$ 35,113,091	\$ 36,678,689	\$ 38,950,024
Restricted	715,800	552,719	559,257	716,527	716,755	717,861	718,177	717,401	511,696	480,443
Unrestricted	(3,567,329)	2,242,034	13,332,705	22,098,736	32,275,597	39,356,664	39,927,556	40,818,398	43,284,925	40,852,008
Total business-type activities net position	<u>\$ 31,222,681</u>	<u>\$ 31,964,118</u>	<u>\$ 43,535,224</u>	<u>\$ 53,690,015</u>	<u>\$ 65,790,995</u>	<u>\$ 74,460,850</u>	<u>\$ 74,811,924</u>	<u>\$ 76,648,890</u>	<u>\$ 80,475,310</u>	<u>\$ 80,282,475</u>
Primary government:										
Net investment in capital assets	\$ 211,413,233	\$ 220,343,275	\$ 223,320,743	\$ 228,147,878	\$ 218,288,676	\$ 221,857,314	\$ 226,216,676	\$ 232,545,018	\$ 233,363,144	\$ 234,523,707
Restricted	18,119,861	14,544,984	14,363,029	14,106,738	15,657,470	14,176,769	16,837,345	16,219,411	15,625,355	13,072,866
Unrestricted	(9,259,871)	333,227	15,874,466	23,203,623	68,230,191	78,690,895	80,386,389	79,385,479	83,460,237	80,372,921
Total primary government net position	<u>\$ 220,273,223</u>	<u>\$ 235,221,486</u>	<u>\$ 253,558,238</u>	<u>\$ 265,458,239</u>	<u>\$ 302,176,337</u>	<u>\$ 314,724,978</u>	<u>\$ 323,440,410</u>	<u>\$ 328,149,908</u>	<u>\$ 332,448,736</u>	<u>\$ 327,969,494</u>

Source: City of Homestead CAFR for fiscal years ending September 30, 2009 through September 30, 2018.

CITY OF HOMESTEAD, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenses:										
Governmental activities:										
General government	\$ 21,003,043	\$ 16,344,478	\$ 17,246,402	\$ 17,351,952	\$ 14,561,575	\$ 14,686,466	\$ 14,858,739	\$ 11,465,598	\$ 14,457,314	\$ 12,193,175
Public safety	31,399,222	31,277,616	29,168,711	29,690,875	29,019,865	27,353,700	26,979,350	26,885,452	26,800,268	27,981,968
Public works	5,082,373	5,259,020	4,189,826	4,119,974	5,584,695	3,759,122	4,432,773	3,754,854	2,895,371	3,724,764
Parks and recreation	8,831,440	8,626,647	7,931,471	7,594,640	7,559,260	7,572,711	6,052,374	5,931,708	6,415,452	6,754,803
Disaster relief	4,774,725	5,784,058	-	-	-	-	-	-	-	-
Interest on long-term debt	2,533,914	1,914,467	1,278,725	1,315,178	655,807	396,082	453,302	546,756	559,106	782,412
Unallocated depreciation	2,605,333	2,614,783	2,728,555	2,663,535	2,708,565	2,755,105	2,754,564	2,848,017	2,837,120	2,905,787
Total governmental activities expenses	<u>76,230,050</u>	<u>71,821,069</u>	<u>62,543,690</u>	<u>62,736,154</u>	<u>60,089,767</u>	<u>56,523,186</u>	<u>55,531,102</u>	<u>51,432,385</u>	<u>53,964,631</u>	<u>54,342,909</u>
Business-type activities:										
Water & Sewer	18,327,873	19,568,630	20,517,653	16,957,507	17,081,653	15,602,707	13,708,238	19,529,746	13,730,646	12,583,796
Electric	63,631,753	63,978,883	62,909,804	60,464,609	60,900,056	57,702,125	56,466,721	56,905,865	55,499,233	54,243,734
Solid waste	12,618,609	12,151,517	12,433,778	10,933,920	10,656,568	10,216,304	9,360,903	8,960,113	10,011,237	8,608,145
Other enterprise funds	1,646,534	1,533,212	1,561,837	1,525,438	1,623,594	1,418,544	1,394,837	1,606,007	1,385,959	1,028,868
Homestead station QALICB	949,837	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>97,174,606</u>	<u>97,232,242</u>	<u>97,423,072</u>	<u>89,881,474</u>	<u>90,261,871</u>	<u>84,939,680</u>	<u>80,930,699</u>	<u>87,001,731</u>	<u>80,627,075</u>	<u>76,464,543</u>
Total primary government expenses	<u>\$ 173,404,656</u>	<u>\$ 169,053,311</u>	<u>\$ 159,966,762</u>	<u>\$ 152,617,628</u>	<u>\$ 150,351,638</u>	<u>\$ 141,462,866</u>	<u>\$ 136,461,801</u>	<u>\$ 138,434,116</u>	<u>\$ 134,591,706</u>	<u>\$ 130,807,452</u>
Program revenue:										
Governmental activities:										
Charge for services:										
General government	\$ 11,114,484	\$ 10,116,159	\$ 10,605,142	\$ 9,730,932	\$ 9,154,625	\$ 8,234,156	\$ 7,316,643	\$ 6,955,466	\$ 6,854,288	\$ 5,548,609
Public safety	2,725,547	1,935,293	1,680,681	1,420,610	1,626,143	1,917,550	4,586,848	1,691,579	2,669,852	5,004,758
Public works	116,645	103,850	132,364	95,848	63,091	813,609	774,454	485,950	305,052	503,531
Parks and recreation	3,127,406	3,393,329	4,163,420	4,090,198	3,740,144	4,267,842	3,230,639	2,821,191	3,312,849	2,648,457
Operating grants and contributions	3,850,681	2,231,928	1,999,080	3,822,973	4,253,120	2,155,406	2,239,710	3,095,570	4,396,722	10,543,747
Capital grants and contributions	4,674,927	4,600,091	3,382,844	4,240,088	3,612,918	3,004,766	4,044,701	6,871,319	5,907,694	2,739,743
Total governmental activities programs revenues	<u>25,609,690</u>	<u>22,380,650</u>	<u>21,963,531</u>	<u>23,400,649</u>	<u>22,450,041</u>	<u>20,393,329</u>	<u>22,192,995</u>	<u>21,921,075</u>	<u>23,446,457</u>	<u>26,988,845</u>
Business-type activities:										
Charge for services:										
Water & sewer	14,001,983	13,574,254	13,139,628	12,869,453	12,125,905	12,098,206	10,950,319	11,187,740	10,643,640	11,004,012
Electric	62,652,734	61,077,521	61,272,008	61,307,335	58,534,274	58,494,058	55,455,597	56,707,781	55,299,856	53,772,181
Solid waste	12,082,839	12,198,899	11,673,675	11,690,965	11,017,194	11,304,868	10,589,790	10,799,353	10,133,024	10,371,039
Other enterprise funds	901,505	1,666,635	1,639,976	1,693,618	1,572,786	1,619,194	1,592,855	1,630,102	1,491,902	1,608,315
Capital grants and contributions	3,936,372	217,088	-	-	-	-	7,650	33,799	-	-
Total business-type activities programs revenues	<u>93,575,433</u>	<u>88,734,397</u>	<u>87,725,287</u>	<u>87,561,371</u>	<u>83,250,159</u>	<u>83,516,326</u>	<u>78,596,211</u>	<u>80,358,775</u>	<u>77,568,422</u>	<u>76,755,547</u>
Total primary government program revenues	<u>\$ 119,185,123</u>	<u>\$ 111,115,047</u>	<u>\$ 109,688,818</u>	<u>\$ 110,962,020</u>	<u>\$ 105,700,200</u>	<u>\$ 103,909,655</u>	<u>\$ 100,789,206</u>	<u>\$ 102,279,850</u>	<u>\$ 101,014,879</u>	<u>\$ 103,744,392</u>
Net (expense) revenue:										
Governmental activities	\$ (50,620,360)	\$ (49,440,419)	\$ (40,580,159)	\$ (39,335,505)	\$ (37,639,726)	\$ (36,129,857)	\$ (33,338,107)	\$ (29,511,310)	\$ (30,518,174)	\$ (27,354,064)
Business-type activities	(3,599,173)	(8,497,845)	(9,697,785)	(2,320,103)	(7,011,712)	(1,423,354)	(2,334,488)	(6,642,956)	(3,058,653)	291,004
Total primary government net (expense) revenue	<u>\$ (54,219,533)</u>	<u>\$ (57,938,264)</u>	<u>\$ (50,277,944)</u>	<u>\$ (41,655,608)</u>	<u>\$ (44,651,438)</u>	<u>\$ (37,553,211)</u>	<u>\$ (35,672,595)</u>	<u>\$ (36,154,266)</u>	<u>\$ (33,576,827)</u>	<u>\$ (27,063,060)</u>

CITY OF HOMESTEAD, FLORIDA

CHANGES IN NET POSITION (continued) LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 17,284,317	\$ 15,571,327	\$ 14,044,980	\$ 13,507,112	\$ 11,057,882	\$ 11,533,264	\$ 12,420,367	\$ 13,666,796	\$ 18,585,187	\$ 20,871,756
Fuel taxes	1,309,021	1,222,652	1,178,768	1,188,363	1,123,787	1,101,153	1,065,918	1,172,661	1,031,833	1,043,801
Franchise fees based on gross receipts	4,115,956	4,011,858	3,767,938	3,662,823	3,516,008	3,526,787	3,480,840	3,368,545	3,262,143	3,375,706
Utility taxes	1,491,902	1,532,625	1,614,804	1,608,427	1,593,944	1,455,868	1,539,638	1,520,922	1,584,489	1,529,239
Communication service taxes	1,518,228	1,525,106	2,069,644	1,590,006	1,902,060	1,703,597	1,849,965	1,931,106	1,828,549	1,974,074
Half cent sales taxes	5,631,661	5,280,732	5,143,347	4,853,152	4,556,584	4,245,767	3,940,166	3,861,421	3,247,196	3,284,971
Unrestricted intergovernmental revenue	3,328,071	3,024,983	2,727,254	2,556,091	2,177,574	1,861,245	1,442,294	1,290,724	1,196,197	1,189,450
Payment in lieu of taxes	1,704,671	1,512,374	1,414,284	1,193,843	1,193,843	1,189,468	738,800	738,800	738,800	738,800
Other revenues	2,226,906	751,200	844,417	665,798	713,289	752,749	573,881	797,564	1,722,519	605,044
Gain on sale of assets	-	-	594,715	-	-	-	-	-	-	-
Unrestricted investment earnings	628,804	237,216	402,984	883,602	1,451,380	(154,744)	1,108,830	1,426,095	1,897,670	1,766,610
Transfers	(745,500)	8,004,700	5,031,814	5,133,771	4,474,589	782,784	2,304,876	80,493	(290,002)	26,540
Total governmental activities	38,494,037	42,674,773	38,834,949	36,842,988	33,760,940	27,997,938	30,465,575	29,855,127	34,804,581	36,405,991
Business-type activities:										
Other revenues	2,916,645	4,898,995	4,355,998	2,067,761	2,074,862	2,674,964	2,164,072	2,148,522	1,982,940	3,263,170
Unrestricted investment earnings	37,928	32,444	218,810	470,857	741,584	(819,900)	638,326	748,507	978,545	1,314,338
Transfers	745,500	(8,004,700)	(5,031,814)	(5,133,771)	(4,474,589)	(782,784)	(2,304,876)	(80,493)	290,002	(26,540)
Total business-type activities	3,700,073	(3,073,261)	(457,006)	(2,595,153)	(1,658,143)	1,072,280	497,522	2,816,536	3,251,487	4,550,968
Total primary government	\$ 42,194,110	\$ 39,601,512	\$ 38,377,943	\$ 34,247,835	\$ 32,102,797	\$ 29,070,218	\$ 30,963,097	\$ 32,671,663	\$ 38,056,068	\$ 40,956,959
Change in net position:										
Governmental activities	\$ (12,126,323)	\$ (6,765,646)	\$ (1,745,210)	\$ (2,492,517)	\$ (3,878,786)	\$ (8,131,919)	\$ (2,872,532)	\$ 343,817	\$ 4,286,407	\$ 9,051,927
Business-type activities	100,900	(11,571,106)	(10,154,791)	(4,915,256)	(8,669,855)	(351,074)	(1,836,966)	(3,826,420)	192,834	4,841,972
Total primary government	\$ (12,025,423)	\$ (18,336,752)	\$ (11,900,001)	\$ (7,407,773)	\$ (12,548,641)	\$ (8,482,993)	\$ (4,709,498)	\$ (3,482,603)	\$ 4,479,241	\$ 13,893,899

Source: City of Homestead CAFR for fiscal years ending September 30, 2009 through September 30, 2018.

CITY OF HOMESTEAD, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General fund:										
<i>Nonspendable :</i>										
Prepaid costs	\$ 237,950	\$ 1,824	\$ 198,906	\$ 371,951	\$ 243,657	\$ 251,961	\$ 5,153	\$ 1,605	\$ 1,804	\$ 20,761
Long-term note receivable	10,841,000	-	-	1,704,572	1,704,572	1,704,572	1,704,572	1,704,572	1,704,572	1,704,572
Long-term interest on notes receivable	-	-	-	614,910	562,766	469,014	375,263	281,511	187,760	94,008
<i>Restricted for:</i>										
Fiber optic security	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
HUD section 108 loan security	306,000	-	-	-	-	-	-	-	-	-
<i>Committed to:</i>										
Required reserve	4,958,948	4,807,159	4,576,236	4,472,930	4,043,243	3,885,681	3,678,189	3,491,434	3,736,674	3,919,776
<i>Assigned to:</i>										
Appropriations of subsequent year's budget	1,215,667	5,540,576	1,506,952	1,345,841	1,773,765	882,599	363,432	379,382	1,376,228	3,092,099
<i>Unassigned :</i>										
General fund	<u>9,659,840</u>	<u>8,987,795</u>	<u>18,158,247</u>	<u>14,327,306</u>	<u>14,036,703</u>	<u>13,729,048</u>	<u>13,342,637</u>	<u>12,016,353</u>	<u>10,912,179</u>	<u>7,776,955</u>
Total General fund	<u>\$ 27,319,405</u>	<u>\$ 19,437,354</u>	<u>\$ 24,540,341</u>	<u>\$ 22,937,510</u>	<u>\$ 22,464,706</u>	<u>\$ 21,022,875</u>	<u>\$ 19,569,246</u>	<u>\$ 17,974,857</u>	<u>\$ 18,019,217</u>	<u>\$ 16,708,171</u>
All other governmental funds:										
<i>Nonspendable :</i>										
Prepaid costs	\$ 811,129	\$ 813,680	\$ 705	\$ -	\$ -	\$ -	\$ 17,379	\$ 1,673	\$ 1,692	\$ 2,500
<i>Restricted :</i>										
Community redevelopment	1,617,889	1,232,375	1,514,383	-	454,815	828,044	3,508,305	4,687,494	5,291,604	2,789,972
Grants	1,299,069	1,502,578	1,334,221	1,343,737	541,078	312,397	188,444	203,344	363,218	565,373
Disaster relief	13,803									
Parks and recreation	7,334,454	6,210,608	5,337,151	2,927,388	3,455,413	2,546,385	1,325,705	1,107,090	3,857,647	3,774,542
Public safety	1,816,323	1,391,817	952,647	1,493,258	3,285,707	4,704,393	5,722,480	4,060,735	5,677,802	6,776,987
Public work	636,262	572,283	528,707	389,159	588,519	1,262,214	1,175,830	1,097,719	1,016,961	950,528
Debt service	2,326,352	1,943,526	2,126,806	3,001,657	2,365,573	2,387,738	2,425,897	2,445,226	2,464,746	2,484,392
Capital projects	24,470,390	29,205,881	3,819,621	17,089,440	24,026,258	-	-	-	-	-
Transit and transportation	1,953,909	1,039,078	1,909,857	4,135,012	4,149,610	3,087,461	3,465,047	3,648,817	3,508,998	2,522,789
<i>Committed :</i>										
Public art	1,489,868	1,110,345	734,932	204,000	184,416	184,416	155,666	151,037	-	-
Transportation	290,346	290,346	290,346	290,346	290,346	290,346	290,346	290,346	209,346	209,268
<i>Assigned :</i>										
Parks and recreation	686,075	920,288	1,163,674	1,021,878	619,963	252,788	1,140,118	895,002	770,663	691,439
Capital projects	1,561,030	1,843,364	844,806	734,178	14,715,076	17,041,770	17,955,005	17,955,005	17,607,652	17,310,195
<i>Unassigned :</i>										
Community redevelopment	-	-	-	(471,553)	-	-	-	-	-	-
Disaster relief	-	(784,058)	-	-	-	-	-	(14,025)	(278,354)	(1,738)
Homestead sports complex	-	-	-	-	-	-	-	-	(9,134)	(47,871)
Total all other governmental funds	<u>\$ 46,306,899</u>	<u>\$ 47,292,111</u>	<u>\$ 20,557,856</u>	<u>\$ 32,158,500</u>	<u>\$ 54,676,774</u>	<u>\$ 32,897,952</u>	<u>\$ 37,370,222</u>	<u>\$ 36,529,463</u>	<u>\$ 40,482,841</u>	<u>\$ 38,028,376</u>

Note The City implemented GASB Satement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in Fiscal year 2011.
Fiscal years 2009-2010 amounts have been restated to conform to the current statement requirements.

CITY OF HOMESTEAD, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues:										
Taxes	\$ 28,871,775	\$ 26,866,132	\$ 25,743,387	\$ 24,591,361	\$ 21,958,595	\$ 21,240,980	\$ 21,897,052	\$ 22,503,983	\$ 25,397,217	\$ 27,867,115
Licenses and permits	2,975,987	2,290,641	2,642,967	2,438,791	2,159,702	2,267,429	1,522,584	1,485,419	1,502,317	1,134,500
Intergovernmental	17,108,962	15,066,338	13,913,307	13,670,286	13,423,399	11,606,248	11,088,150	15,060,007	16,586,732	19,164,216
Charges for services	1,281,639	1,191,516	1,257,738	1,395,902	1,275,963	1,079,626	989,571	687,718	492,969	716,941
Fines and forfeitures	2,162,753	1,411,095	1,029,146	943,665	1,290,872	1,472,295	4,352,858	1,241,605	2,449,746	4,675,874
Investment income	628,804	237,216	402,984	883,602	1,451,380	(154,744)	1,108,830	1,426,095	1,897,670	1,766,610
Payment in lieu of taxes	1,704,671	1,512,374	1,414,284	1,193,843	1,193,843	1,189,468	738,800	738,800	738,800	738,800
Other revenues	10,085,131	8,423,407	10,949,231	9,959,984	8,851,988	8,762,347	8,445,600	8,552,087	9,475,586	7,304,237
Total revenues	<u>64,819,722</u>	<u>56,998,719</u>	<u>57,353,044</u>	<u>55,077,434</u>	<u>51,605,742</u>	<u>47,463,649</u>	<u>50,143,445</u>	<u>51,695,714</u>	<u>58,541,037</u>	<u>63,368,293</u>
Expenditures:										
General government	15,340,125	14,679,512	14,486,390	13,763,016	12,991,103	12,166,688	11,425,621	11,093,243	12,433,496	11,438,655
Public safety	29,707,966	29,256,336	28,488,480	29,049,243	27,081,896	25,702,013	25,618,812	25,593,407	25,744,339	27,066,693
Public works and services	3,217,709	2,635,509	2,245,038	2,482,943	4,370,948	2,271,098	2,996,406	2,383,529	1,697,207	2,658,300
Parks and recreation	5,208,629	5,029,756	4,662,815	4,410,229	4,370,531	4,278,914	3,279,983	3,271,795	3,943,597	4,511,005
Disaster relief	4,774,725	5,784,058	-	-	-	-	-	-	-	-
Capital outlay	6,336,098	16,792,046	24,661,517	35,589,749	10,494,941	5,993,674	4,866,556	10,624,788	8,463,578	14,666,466
Debt service:										
Principal	2,757,403	1,862,363	1,856,187	1,734,203	1,394,203	1,394,203	1,394,203	1,444,203	1,644,203	1,644,203
Interest and fiscal charges	2,339,265	1,930,560	1,318,302	1,104,292	599,773	396,082	453,302	546,756	559,104	782,412
Total expenditures	<u>69,681,920</u>	<u>77,970,140</u>	<u>77,718,729</u>	<u>88,133,675</u>	<u>61,303,395</u>	<u>52,202,672</u>	<u>50,034,883</u>	<u>54,957,721</u>	<u>54,485,524</u>	<u>62,767,734</u>
Excess of revenues over (under) expenditures	<u>(4,862,198)</u>	<u>(20,971,421)</u>	<u>(20,365,685)</u>	<u>(33,056,241)</u>	<u>(9,697,653)</u>	<u>(4,739,023)</u>	<u>108,562</u>	<u>(3,262,007)</u>	<u>4,055,513</u>	<u>600,559</u>
Other financing sources (uses):										
Issuance of debt (HUD section 108 loan)	194,000	194,000	-	-	-	-	-	-	-	-
Issuance of debt (equipment financing)	226,008	2,895,000	765,000	447,000	2,361,115	-	-	-	-	-
General obligation bonds issued	-	-	-	-	25,998,600	-	-	-	-	-
Taxable transportation system revenue bonds issued	-	31,440,000	-	-	-	-	-	-	-	-
Issuance of other long-term debt	12,829,100	-	4,570,000	5,430,000	-	-	-	-	-	-
Transfer in	13,006,895	13,472,571	8,499,473	7,406,773	5,683,086	3,859,747	2,746,587	664,680	662,192	657,243
Transfer out	(12,602,395)	(5,398,882)	(3,466,601)	(2,273,002)	(1,124,495)	(1,906,926)	(420,000)	(584,187)	(952,194)	(630,703)
Transfer to Homestead Station QALICB (NMTC)	(1,150,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>12,503,608</u>	<u>42,602,689</u>	<u>10,367,872</u>	<u>11,010,771</u>	<u>32,918,306</u>	<u>1,952,821</u>	<u>2,326,587</u>	<u>80,493</u>	<u>(290,002)</u>	<u>26,540</u>
Net change in fund balances	<u>\$ 7,641,410</u>	<u>\$ 21,631,268</u>	<u>\$ (9,997,813)</u>	<u>\$ (22,045,470)</u>	<u>\$ 23,220,653</u>	<u>\$ (2,786,202)</u>	<u>\$ 2,435,149</u>	<u>\$ (3,181,514)</u>	<u>\$ 3,765,511</u>	<u>\$ 627,099</u>
Debt services as a percentage of noncapital expenditures	8.01%	6.19%	5.90%	5.30%	3.91%	3.84%	4.06%	4.45%	4.78%	5.18%
capital outlay P. 31	6,086,927	16,681,586	23,902,747	34,608,361	10,257,164	5,640,948	4,539,155	10,208,308	8,373,286	15,896,950

Source: City of Homestead CAFR for fiscal years ending September 30, 2009 through September 30, 2018.
Note: FY 2012 expenditures for general government have been restated due to prior year adjustment for grants.



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Revenue Capacity Information

Page

The information presented in this section is intended to assist users in understanding and assessing the City's two most significant local revenue sources, the property tax and the electric utility revenues.

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CITY OF HOMESTEAD, FLORIDA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS (DOLLARS IN THOUSANDS)

City's Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total Taxable Assessed Value	Valuation Adjustments	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Estimated Value
2009	\$ 3,854,307	\$ 110,531	\$ 3,964,838	\$ (206,460)	5.3410	\$ 3,758,378	94.8%
2010	2,876,330	110,037	2,986,367	(204,545)	6.2917	2,781,822	93.2%
2011	1,949,572	104,273	2,053,845	(126,949)	6.2917	1,926,896	93.8%
2012	1,764,888	109,630	1,874,518	(77,170)	6.2917	1,797,348	95.9%
2013	1,703,374	99,520	1,802,894	(63,028)	6.2435	1,739,866	96.5%
2014	1,705,252	99,762	1,805,014	(34,245)	5.9215	1,770,769	98.1%
2015	1,847,542	101,259	1,948,801	(40,766)	6.9315	1,908,035	97.9%
2016	2,035,141	103,169	2,138,310	(35,122)	6.5149	2,103,188	98.4%
2017	2,214,915	101,599	2,316,514	(13,593)	6.5149	2,302,921	99.4%
2018	2,500,479	108,154	2,608,633	(19,462)	6.4790	2,589,171	99.3%

Source: Miami-Dade County Department of Property Appraiser.

CITY OF HOMESTEAD, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

City's Fiscal Year	Direct Rates			Overlapping Rates								Total Direct and Overlapping Millage
	City of Homestead			Miami-Dade County			Miami-Dade County School Board			Other Taxing Authorities and Special Districts		
	Debt	Total		Debt	Total		Debt	Total		Special		
	Operating	Service	City	Operating	Service	County	Operating	Service	School	State	District	
	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	
2009	5.3410	N/A	5.3410	4.8379	0.2850	5.1229	7.5330	0.2640	7.7970	0.6585	3.0305	21.9499
2010	6.2917	N/A	6.2917	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	0.6585	3.1093	23.1774
2011	6.2917	N/A	6.2917	5.4275	0.4450	5.8725	7.8640	0.3850	8.2490	0.6585	3.3793	24.4510
2012	6.2917	N/A	6.2917	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	0.4708	3.1422	22.9997
2013	6.2435	N/A	6.2435	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	0.4634	3.1352	22.8286
2014	5.9215	N/A	5.9215	4.7035	0.4220	5.1255	7.6440	0.3330	7.9770	0.4455	3.1348	22.6043
2015	5.9215	1.0100	6.9315	4.6669	0.4500	5.1169	7.7750	0.1990	7.9740	0.4187	3.2161	23.6572
2016	5.9215	0.5934	6.5149	4.6669	0.4500	5.1169	7.4130	0.1990	7.6120	0.3871	3.2133	22.8442
2017	5.9215	0.5934	6.5149	4.6669	0.4000	5.0669	7.1380	0.1840	7.3220	0.3627	3.2122	22.4787
2018	5.9215	0.5575	6.4790	4.6669	0.4000	5.0669	6.7740	0.2200	6.9940	0.3420	3.1795	22.0614

Source: Miami-Dade County Department of Property Appraiser

Note: All millage rates are based on \$1 for every \$1,000 of assessed value.

State millage includes Florida Inland Navigation District, South Florida Water Management District, Okeechobee Basin and Everglades Construction Project.

Special Districts millage includes Children Trust Authority, Library District, Fire Rescue Operating and Fire Rescue Debt Service.

N/A - Not applicable

CITY OF HOMESTEAD, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS CURRENT AND NINE YEARS AGO

(DOLLARS IN THOUSANDS)

		2018			2009		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>Taxpayer</u>	<u>Type of Business</u>						
Fifteen Homestead COA Townhome	Residential Real Estate	\$ 40,726	1	1.56%			
DDR Homestead LLC	Retail Outlet / Vacant Land	\$ 40,485	2	1.55%	\$ 54,876	1	1.38%
City of Homestead	Municipal*	\$ 28,388	3	1.09%	28,675	2	0.72%
Florida Power & Light Company	Electric Utility	\$ 21,761	4	0.83%	18,835	3	0.48%
Kimco Reality Corp	Commercial Real Estate	\$ 17,795	5	0.68%	17,000	5	0.43%
Palace at Homestead, LLC	Health Care	\$ 16,147	6				
Lowes Home Centers Inc	Retail Outlet	\$ 14,042	7	0.54%	16,473	6	0.42%
Venice By Garco LLC	Residential Real Estate	\$ 12,626	8				
Yates Homestead LLC	Residential Real Estate	\$ 12,440	9	0.48%	17,543	4	0.44%
Sarria Holdings IV Inc	Commercial Real Estate	\$ 12,413	10	0.48%	13,676	7	0.34%
Homestead Market Center Inc	Retail Outlet				13,540	8	0.34%
AT&T Bellsouth	Telecommunications				12,979	9	0.33%
CIP Group of Homestead LLC	Retail Outlet				12,081	10	0.30%
Total		<u>\$ 306,776</u>		<u>7.21%</u>	<u>\$ 205,678</u>		<u>5.18%</u>

Total assessed valuation of taxable property	<u>\$ 2,608,633</u>	<u>\$ 3,964,838</u>
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*Homestead Miami Speedway

Source: Miami-Dade County Department of Property Appraiser

CITY OF HOMESTEAD, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)

City's Fiscal Year	Tax Year	Total Taxes Levied for the fiscal year	Current Tax Collections		Delinquent Tax Collections		Total Tax Collections		Outstanding Delinquent Amount	Ratio of Delinquent Taxes to Total Taxes Levied
			Amount	% of Levy	Amount	% of Levy	Amount	% of Levy		
2009	2008	\$ 21,176	\$ 18,642	88.0%	\$ 342	1.6%	\$ 18,984	89.6%	\$ 1,028	4.9%
2010	2009	18,789	16,097	85.7%	703	3.7%	16,800	89.4%	1,372	7.3%
2011	2010	12,922	11,873	91.9%	310	2.4%	12,183	94.3%	558	4.3%
2012	2011	11,794	11,365	96.4%	35	0.3%	11,400	96.7%	163	1.4%
2013	2012	11,256	10,568	93.9%	3	0.0%	10,571	93.9%	680	6.0%
2014	2013	10,688	10,216	95.6%	40	0.4%	10,256	96.0%	139	1.3%
2015	2014	13,508	12,668	93.8%	49	0.4%	12,717	94.1%	233	1.7%
2016	2015	13,931	13,097	94.0%	33	0.2%	13,130	94.3%	756	5.4%
2017	2016	15,092	14,522	96.2%	47	0.3%	14,569	96.5%	N/A	N/A
2018	2017	16,901	15,528	91.9%	667	3.9%	16,195	95.8%	1,256	7.4%

Source: Miami-Dade County Department of Property Appraiser

Note: Starting in fiscal year 2015, total tax levied also included tax levied on debt services.

N/A - Not available

CITY OF HOMESTEAD, FLORIDA

ELECTRIC UTILITY REVENUES

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Inter- Departmental</u>	<u>Other Sales</u>	<u>Power Cost Adjustment</u>	<u>Total Sales Revenue</u>	<u>Bad Debt Expense</u>	<u>Net Sales Revenue</u>
2009	\$ 18,745,220	\$ 3,114,140	\$ 9,736,156	\$ 2,878,500	\$ 341,363	\$ 19,683,357	\$ 54,498,736	\$ 726,555	\$ 53,772,181
2010	19,130,960	3,016,656	11,057,795	2,992,621	420,208	20,975,305	57,593,545	2,293,689	55,299,856
2011	19,172,844	3,132,429	13,781,527	2,763,021	442,525	18,105,273	57,397,619	689,838	56,707,781
2012	19,242,947	3,418,843	11,112,865	2,757,915	449,325	19,389,358	56,371,253	952,720	55,418,533
2013	19,456,060	3,114,385	11,499,816	2,725,817	428,270	18,883,692	56,108,040	(472,547)	56,580,587
2014	21,086,195	2,945,868	12,101,655	2,807,666	461,406	19,971,059	59,373,849	860,026	58,513,823
2015	22,165,199	3,058,967	12,225,119	2,763,561	477,347	20,229,047	60,919,240	(314,916)	61,234,156
2016	23,427,301	3,090,886	12,320,252	2,907,270	455,513	19,183,647	61,384,869	795,484	60,589,385
2017	23,465,509	3,120,780	11,901,987	2,690,980	465,902	19,822,634	61,467,792	427,700	61,040,092
2018	23,830,578	3,106,131	11,919,665	2,911,566	477,011	19,242,248	61,487,199	(1,006,801)	62,494,000

Sources: City of Homestead CAFR for fiscal years ending September 30, 2009 through September 30, 2018.



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Debt Capacity Information

Page

The information presented in this section is intended to assist users in understanding and assessing the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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CITY OF HOMESTEAD, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)

Fiscal Year Ended September 30,	Governmental Activities ¹					Business-type Activities ¹				Total Outstanding Debt	Personal	Percentage of	Debt Per Capita
	General	Revenue	Special	Long-Term	Equipment	Electric	Notes and	Equipment	Income		debt to		
	Obligation	Bonds	Obligation	Notes and					(Thousands of Dollars) ^{2, 3}		Personal		
	Bonds	Bonds	Bonds	Loans	Financing	Bonds	Loans	Financing		Income ³	Population ²		
2009	\$ -	\$ 3,064	\$ 9,470	\$ 300	\$ 1,529	\$ 6,201		\$ -	\$ 20,564	N/A	N/A	57,617	\$ 357
2010	-	2,842	8,360	50	865	5,719		-	17,836	\$ 897,635	1.99%	60,512	295
2011	-	2,558	7,250	-	676	5,218		-	15,702	988,353	1.59%	61,503	255
2012	-	2,274	6,140	-	1,053	4,726		-	14,193	890,490	1.59%	63,290	224
2013	-	1,989	5,030	-	1,517	4,178		-	12,714	1,128,414	1.13%	64,444	197
2014	25,995	1,705	3,920	-	3,059	3,608		115	38,402	1,014,305	3.79%	66,586	577
2015	25,597	1,421	2,810	5,430	2,560	3,016		90	40,924	1,198,123	3.42%	69,533	589
2016	25,109	1,137	1,700	9,968	2,317	2,243		65	42,539	1,225,709	3.47%	70,209	606
2017	24,606	32,293	1,150	9,579	4,158	1,597		39	73,422	1,285,086	5.71%	73,627	997
2018	24,083	31,143	600	22,009	3,193	1,102	15,615	1,655	99,400	1,285,586	7.73%	73,863	1,346

Note: ¹ Details regarding the City's outstanding debt can be found in the notes to the financial statements.

² Office of Economic and Demographic Research.

³ This information is new/ revised for all years presented.

N/A - Not available.

CITY OF HOMESTEAD, FLORIDA

**RATIO OF GENERAL OBLIGATION BONDS DEBT OUTSTANDING
LAST FIVE FISCAL YEARS
(DOLLARS IN THOUSANDS)**

Fiscal Year Ended <u>September 30.</u>	General Obligation <u>Bonds</u>	Assessed Value of Taxable <u>Property</u>	Percentage of Assessed Value of Taxable <u>Property</u>	<u>Population</u>	Per <u>Capita</u>
2014	\$ 25,995	\$ 1,805,014	1.44%	66,586	\$ 390
2015	25,597	1,948,801	1.31%	69,533	368
2016	25,597	2,138,310	1.20%	70,209	365
2017	24,606	2,316,514	1.06%	73,627	334
2018	24,083	2,608,633	0.92%	73,863	326

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
The City issued General Obligation Bonds in FY 2014.

CITY OF HOMESTEAD, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

(DOLLARS IN THOUSANDS)

SEPTEMBER 30, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to City of Homestead</u>	<u>Estimated share of Overlapping Debt</u>
OVERLAPPING:			
School Board of Miami-Dade County (1)	\$ 980,501	2.66% (3)	\$ 26,081
Miami-Dade County (2)	<u>1,828,451</u>	2.66% (3)	<u>48,637</u>
Subtotal	<u>\$ 2,808,952</u>		<u>\$ 74,718</u>
DIRECT DEBT: (5)			
General obligation bonds	\$ 24,083	100.00%	24,083
Revenue bonds	31,143	100.00%	31,143
Other long-term debt	22,009	100.00%	22,009
Special obligation bonds	600	100.00%	600
Equipment financing obligation	<u>3,193</u>	100.00%	<u>3,193</u>
Subtotal	<u>\$ 81,028</u>		<u>\$ 81,028</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$ 155,746</u></u>

(1) Information obtained from Miami-Dade County School Board CAFR for the Fiscal Year Ended June 30, 2018.

(2) Information obtained from Miami-Dade County, Finance Department.

(3) The percentage of overlapping debt applicable is estimated by dividing:

City of Homestead's population (April 1, 2018 estimate) ** 73,863

by Miami-Dade County's population (April 1, 2018 estimate) ** 2,779,322

Source : ** Office of Economic and Demographic Research

(4) City of Homestead CAFR for fiscal year ending September 30, 2018.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates that portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Homestead. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayers is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF HOMESTEAD, FLORIDA

PLEDGED-REVENUE BOND COVERAGE FOR BUSINESS-TYPE ACTIVITIES

LAST TEN FISCAL YEARS

(DOLLARS IN THOUSANDS)

Fiscal Year	Gross Revenue (1)	Less: Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service			Coverage by Net Revenue Available for Debt Service
				Principal	Interest	Total	
2009	\$ 56,675	\$ 46,732	\$ 9,943	\$ 467	\$ 251	\$ 718	13.85
2010	56,421	51,885	4,536	486	232	718	6.32
2011	58,189	53,545	4,644	505	212	717	6.48
2012	56,838	53,293	3,545	525	193	718	4.94
2013	60,032	54,669	5,363	548	169	717	7.48
2014	59,808	57,826	1,982	570	147	717	2.76
2015	62,616	57,116	5,500	592	124	716	7.68
2016	63,892	58,951	4,941	773	101	874	5.65
2017	62,092	60,601	1,491	645	77	722	2.07
2018	64,079	60,608	3,471	495	60	555	6.25

(1) Gross revenue - all operating and non-operating revenue sources

(2) Operating expenses - total operating expenses exclusive of depreciation, amortization and operating transfers

CITY OF HOMESTEAD, FLORIDA

PLEDGED-REVENUE BOND COVERAGE FOR GOVERNMENTAL ACTIVITIES

HERO TAX INCREMENT REVENUE BONDS

LAST TEN FISCAL YEARS

(DOLLARS IN THOUSANDS)

Fiscal Year Ended <u>September 30,</u>	TIF <u>revenue</u>	Debt Service Requirement			<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2009	\$ 4,212	\$ 284	\$ 180	\$ 464	9.08
2010	4,142	284	164	448	9.25
2011	3,018	284	132	416	7.25
2012	2,400	284	119	403	5.96
2013	2,325	284	105	389	5.98
2014	1,792	284	89	373	4.80
2015	1,819	284	78	362	5.02
2016	2,076	284	53	337	6.16
2017	2,278	284	52	336	6.78
2018	2,479	284	37	321	7.72

CITY OF HOMESTEAD, FLORIDA

PLEDGED-REVENUE BOND COVERAGE FOR GOVERNMENTAL ACTIVITIES

TAXABLE SPECIAL OBLIGATION BONDS

LAST TEN FISCAL YEARS

(DOLLARS IN THOUSANDS)

Fiscal Year Ended <u>September 30,</u>	Lease <u>revenue</u>	Debt Service Requirement			<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2009	\$ 2,165	\$ 1,110	\$ 368	\$ 1,478	1.46
2010	2,165	1,110	328	1,438	1.51
2011	2,165	1,110	288	1,398	1.55
2012	2,165	1,110	247	1,357	1.60
2013	2,165	1,110	207	1,317	1.64
2014	2,165	1,110	154	1,264	1.71
2015	2,165	1,110	113	1,223	1.77
2016	1,291	1,110	69	1,179	1.09
2017	1,000	550	45	595	1.68
2018	1,000	550	25	575	1.74

Demographic and Economic Information

Page

The information presented in this section is intended to assist users in understanding the socioeconomic environment within which the City operates.

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CITY OF HOMESTEAD, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>(1)</u> <u>Population</u>	<u>(2)</u> <u>General</u> <u>Fund</u> <u>Budget *</u>	<u>Per</u> <u>Capita</u> <u>Budget</u>	<u>(2)</u> <u>General</u> <u>Fund</u> <u>Actual *</u>	<u>Per</u> <u>Capita</u> <u>Actual</u>	<u>(1)</u> <u>Personal</u> <u>Income</u> <u>(Thousands</u> <u>of</u> <u>Dollars)</u>	<u>(4)</u> <u>Per</u> <u>Capita</u> <u>Personal</u> <u>Income **</u>	<u>(3)</u> <u>Unemployment</u> <u>Rate</u>
2009	57,617	\$ 42,255,436	\$ 733	\$ 37,756,086	\$ 655	N/A	N/A	9.3%
2010	60,512	40,239,687	665	37,050,157	612	\$ 897,635	\$ 14,834	10.1%
2011	61,503	35,095,321	571	34,443,325	560	988,353	16,070	8.9%
2012	63,290	37,161,276	587	35,615,503	563	890,490	14,070	8.0%
2013	64,444	39,237,145	609	37,346,134	580	1,128,414	17,510	7.5%
2014	66,586	41,593,600	625	40,890,733	614	1,014,305	15,233	6.5%
2015	69,533	45,153,064	628	44,290,837	616	1,198,123	17,231	6.5%
2016	70,209	49,427,679	704	47,827,570	681	1,225,709	17,458	5.8%
2017	73,627	52,844,703	718	54,622,724	742	1,285,086	17,454	6.1%
2018	73,863	68,706,210	930	54,678,618	740	1,285,586	17,405	4.1%

Sources: (1) Office of Economic and Demographic Research
(2) City of Homestead CAFR for fiscal years ending September 30, 2009 through September 30, 2018.
(3) U.S. Bureau of Labor Statistics (as of September 30, 2018).
(4) U.S. Census Bureau

Note : * Numbers have been corrected to include transfers.
** Per capita income in past 12 months (in 2017 Dollars). Per capita income for City of Homestead is not available prior to 2010.
Data used in prior CAFR were for Miami-Dade County.
N/A - Not available.

CITY OF HOMESTEAD, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

<u>Employer</u>	2018			2009		
	<u>Employees</u>	<u>Rank</u>	Percentage of Total City <u>Employment</u>	<u>Employees</u>	<u>Rank</u>	Percentage of Total City <u>Employment</u>
Homestead Hospital	1,310	1	4.20%	1,211	1	7.08%
Homestead, City of	479	2	1.54%	425	2	2.48%
Publix Supermarkets	482	3	1.55%	325	3	1.90%
Homestead Manor	268	4	0.86%	N/A	N/A	N/A
Keys Gate Charter	260	5	0.83%	N/A	N/A	N/A
Somerset Academy SoHo	232	6	0.74%	N/A	N/A	N/A
Contender Boats	201	7	0.64%	N/A	N/A	N/A
Signature Health Care	170	8	0.55%	170	5	0.99%
BJ's Wholesale Club	126	9	0.40%	173	4	1.01%
Sedano's Supermarket	125	10	0.40%	140	7	0.82%
Kohl's Department Store	112	12	0.36%	112	8	0.63%
Waterstone Charter School	112	14	0.36%	N/A	N/A	N/A
Walgreens	109	13	0.35%	N/A	N/A	N/A
Lowes Homes Center, Inc	96	11	0.31%	102	10	0.60%
Olive Garden Restaurant	91	15	0.29%	165	6	0.96%
Homestead YMCA	N/A	N/A		105	9	0.61%
Armstrong Ford of Homestead	N/A	N/A		N/A	N/A	N/A
Ruby Tuesday	N/A	N/A		N/A	N/A	N/A
Chili's Grill & Bar	N/A	N/A		N/A	N/A	N/A
Tropics North, Inc.	N/A	N/A		N/A	N/A	N/A
Stock Building Supply of Florida	N/A	N/A		N/A	N/A	N/A
Blake Chevrolet and Cadillac	N/A	N/A		N/A	N/A	N/A
Place Gardens - North	N/A	N/A		N/A	N/A	N/A
Family Resource Center-Krome Ave	N/A	N/A		N/A	N/A	N/A
Everglades Preparatory	N/A	N/A		N/A	N/A	N/A
	<u>4,173</u>		<u>13.38%</u>	<u>2,928</u>		<u>17.08%</u>

N/A - Not available

Source: City of Homestead Development Services Department
Bureau of Labor Statistics

Note: 2006 is the first year of collection of this data
Total labor force as of 9/30/2018 = 31,184

Operating Information

Page

The information presented in this section contains service and infrastructure data and is intended to help the reader understand how the information in the City's financial reports relates to the services the City provides and the activities it performs.

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CITY OF HOMESTEAD, FLORIDA

CITY GOVERNMENT FULL-TIME EMPLOYEES BY DEPARTMENT/DIVISION

LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
City Council	11	11	11	11	11	11	10	11	9	9
City Clerk	4	4	4	4	4	3	3	3	4	3
City Managers' Office	7	7	7	7	7	7	7	7	5	8
Community Redevelopment Agency	4	3	3	3	3	4	4	4	4	2
Development Services	11	11	11	11	11	10	10	9	11	17
Finance	11	11	11	11	11	11	11	10	10	10
General Services	19	19	19	19	19	19	19	20	21	20
Customer Service	27	27	27	26	26	26	26	22	22	21
Human Resources	5	5	5	5	5	5	5	5	6	6
Parks, Recreation & Maint Svcs.	17	17	17	17	17	17	15	15	15	50
Police	155	153	153	153	148	142	144	144	147	150
Public Works (Streets, Water&Sewer, Stormwater)	51	51	51	51	50	50	50	49	49	14
Solid Waste	34	34	34	34	34	34	29	28	28	28
Electric Utilities	50	49	49	49	49	49	49	50	49	50
Total Full-Time Employees	<u>406</u>	<u>402</u>	<u>402</u>	<u>401</u>	<u>395</u>	<u>388</u>	<u>382</u>	<u>377</u>	<u>380</u>	<u>388</u>

Source: City of Homestead Human Resources Department

CITY OF HOMESTEAD, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Police:										
Adult arrest	3,073	3,467	3,431	2,680	3,661	2,929	3,221	3,024	2,655	3,102
Juvenile arrest	234	359	431	407	535	358	434	393	382	487
Calls for service	36,374	37,281	37,379	37,401	41,245	37,824	38,228	36,897	43,830	47,762
Water:										
Number of service connections	25,465	23,969	24,159	23,597	21,962	21,000	19,377	19,356	19,474	19,175
Average daily billed consumption (millions of gallons)	5.80	6.00	5.50	5.10	7.14	4.76	N/A	8.44	3.49	4.55
Sewer:										
Number of service connections	22,313	20,656	21,093	20,488	18,905	18,012	16,489	16,494	16,537	16,224
Average daily billed consumption (millions of gallons)	4.70	4.30	4.40	4.20	7.30	3.87	N/A	9.91	6.17	6.97
Electric distribution system:										
Number of customers	25,115	25,031	23,863	23,086	22,701	22,000	21,798	22,281	21,453	20,949
Facilities and services not included in the primary government:										
Education:										
Number of schools	25	24	24	24	24	22	21	15	15	13
Number of instructors	1,229	1,040	1,040	1,040	1,040	1,085	1,074	804	736	657
Hospitals:										
Number of hospitals	1	1	1	1	1	1	1	1	1	1
Number of patient beds	143	143	143	143	143	143	143	142	147	144

N/A - Not Available

Sources: City of Homestead Police Department

City of Homestead Public Works Department

City of Homestead Electric Utilities Department

City of Homestead Development Services Department

www.greatschools.org/florida/homestead/schools

CITY OF HOMESTEAD, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Police:										
Station	1	1	1	1	1	1	1	1	1	1
Patrol units/Sworn police officers	113	113	113	113	108	102	102	102	102	105
Other public works:										
Streets (miles)	142	136	133	124	124	124	124	124	124	124
Parks and recreation:										
Acreage	275	275	275	275	275	275	275	275	275	285
Playgrounds	13	13	13	13	13	13	13	7	7	6
Tennis court	10	10	10	10	10	10	10	10	10	10
Community centers	2	2	2	2	2	2	2	2	2	2
Baseball/Softball fields	11	11	11	11	11	11	11	11	19	20
Basketball courts	11	11	11	11	11	11	7	7	7	7
Racketball	4	4	4	4	4	4	-	-	-	-
Water:										
Water mains (miles)	284	282	281	277	276	274	273	272	272	272
Fire hydrants	1932	1907	1,898	1,878	1,863	1,860	1,857	1,854	1,854	1,852
Daily capacity (millions of gallons)	17	17	17	17	17	17	17	17	17	17
Sewer:										
Sanitary sewer (miles)	173	171	170	160	159	156	155	154	154	154
Daily capacity (millions of gallons)	6	6	6	6	6	6	6	6	6	6
Electric distribution system:										
Miles of service	209	203	197	195.32	191	191	191	191	191	191
Number of distribution feeders	19	19	19	19	19	19	19	19	19	19
Number of substations	5	5	5	5	5	5	5	5	5	5

N/A - Not Available

Sources: City of Homestead Police Department
City of Homestead Public Works Department
City of Homestead Electric Utilities Department
City of Homestead Parks and Recreation Department



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REPORTING SECTION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor, City Council, and City Manager
City of Homestead, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Homestead, Florida (the City) as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 7, 2019. Our report includes a reference to other auditors who audited the financial statements of the Pension Trust Funds, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Miami, FL
June 7, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor, City Council, and City Manager
City of Homestead, Florida

Report on Compliance for each Major Federal Program and State Project

We have audited the City of Homestead's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *State of Florida Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the fiscal year ended September 30, 2018. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes and state statutes, regulations and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs and state projects. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Programs

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs and state projects for the fiscal year ended September 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002. Our opinion on the major programs is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs and state projects to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not

identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified in our audit certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we considered to be significant deficiencies.

The City's response to the internal control over compliance findings are described in the schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Miami, FL
June 7, 2019

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FISCAL YEAR ENDED SEPTEMBER 30, 2018

Federal/State Agency, Pass Through Entity <u>Federal Program/State Project</u>	CFDA / CSFA <u>No.</u>	Grant <u>Identifying Number</u>	Provided to <u>Sub recipients</u>	Total <u>Expenditures</u>
<i>U.S. Department of Housing and Urban Development</i>				
Direct programs:				
CDBG Entitlement Grants Cluster				
Community Development Block Grant Neighborhood Stabilization Program	14.218	B-08-MN-12-0011		27,015
Community Development Block Grant 2012 Entitlement	14.218	B-12-MC-12-0055	47,659	47,659
Community Development Block Grant 2013 Entitlement	14.218	B-13-MC-12-0055	7,500	10,741
Community Development Block Grant 2014 Entitlement	14.218	B-14-MC-12-0055	43,783	43,783
Community Development Block Grant 2015 Entitlement	14.218	B-15-MC-12-0055	56,530	57,480
Community Development Block Grant 2016 Entitlement	14.218	B-16-MC-12-0055	199,912	199,912
Community Development Block Grant 2017 Entitlement	14.218	B-17-MC-12-0055	20,379	355,183
Total CDBG Entitlement Grants Cluster			<u>375,763</u>	<u>741,773</u>
CDBG Section 108 Loan Fund	14.248	B-15-MC-12-0055	--	194,000
Total U.S. Department of Housing and Urban Development			<u>--</u>	<u>935,773</u>
<i>U.S. Department of Justice</i>				
Direct programs:				
Edward Byrne Memorial Justice Assistance Grant Program 2016	16.738	2016-DJ-BX-1004	--	51,801
Edward Byrne Memorial Justice Assistance Grant Program 2017	16.738	2017-DJ-BX-0734	--	2,176
Total Edward Byrne Memorial Justice Assistance Grant Programs			<u>--</u>	<u>53,977</u>
Office of Violence Against Women	16.590	2014-WE-AX-0022	--	14,399
Federal Equitable Sharing	16.922	N/A	--	33,203
Subtotal Direct Programs			<u>--</u>	<u>101,579</u>
Passed Through Florida Coalition Against Domestic Violence:				
Violence Against Women Formula Grant	16.588	18-8017-LE-ENH	--	57,809
Violence Against Women Formula Grant	16.588	19-8017-LE-ENH	--	18,744
Subtotal Violence Against Women pass through			<u>--</u>	<u>76,553</u>
Passed Through State of Florida, Office of Attorney General:				
Victims of Crime Act (VOCA)	16.575	2017-00304	--	125,952
Total U.S. Department of Justice			<u>375,763</u>	<u>304,084</u>
<i>U.S. Department of Treasury</i>				
Federal Equitable Sharing	21.016	N/A	--	380,531
<i>U.S. Department of Energy</i>				
Resilient Electricity Delivery Infrastructure	81.122	DE-OE0000783	--	349,250
<i>U.S. Environmental Protection Agency:</i>				
Congressional Earmarks	66.202	XP-96413705-0	--	760,152
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 375,763</u>	<u>\$ 2,729,790</u>
<i>Florida Department of State:</i>				
Division of Cultural Affairs, Cultural Facilities Grant, Seminole Theatre	45.014	17.9.200.560	--	492,979
Division of Cultural Affairs, General Program Support Grant, Seminole Theatre	45.061	18.c.ps.114.300	--	7,233
Division of Cultural Affairs, General Program Support Grant, Seminole Theatre	45.061	19.c.ps.180.520	--	2,665
Total Florida Department of State			<u>--</u>	<u>502,877</u>
<i>Florida Department of Transportation:</i>				
Florida Shared-Use Nonmotorized (SUN) Trail Network Program Grant	55.038	439899-1	--	69,750
<i>Florida Department of Environmental Protection:</i>				
Florida Communities Trust (FCT), Florida Forever Program, Losner Park	37.078	16-007-UA17	--	332,181
Homestead Racetrack Water Tower Pump Station	37.039	LP13208	--	32,450
Total Florida Department of Environmental Protection			<u>--</u>	<u>364,631</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ --</u>	<u>\$ 937,258</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE				<u>\$ 3,667,048</u>

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the schedule) includes the federal and state grant activity of the City of Homestead, Florida (the City) under programs of the federal government and the State of Florida for the fiscal year ended September 30, 2018. Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City or used in the preparation of the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Florida Single Audit Act, wherein certain types of expenditures are not allowable or are limited as a reimbursement, or the equitable sharing programs for Justice and Treasury which follow *Guide to Equitable Sharing for Foreign Countries and Federal, State and Local Law Enforcement Agencies*.

NOTE 3 - INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – OUTSTANDING LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

In accordance with Uniform Guidance requirements, loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule. The U.S. Department of Housing and Urban Development Community Development Block Grant – Section 108 Loan Guarantee for the cybrary project funded \$194,000 during the year. The outstanding loan balance was paid as of September 30, 2018.

CITY OF HOMESTEAD, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

SD 2017-001 – Financial Close Related to Bank Reconciliations was not repeated in the current year.

SD 2017-002 – Financial Close Related to the Purchased Power Cost Adjustments Schedule was not repeated in the current year.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SD 2018-001 (previously SD 2017-003) – Grant Policies and Procedures Manual was repeated in the current year.

SD 2018-002 (previously SD 2017-004) – Sub-Recipient Monitoring was repeated in the current year.

SD 2017-005 – Executed Contracts was not repeated in the current year.

SD 2017-006 – Reporting was not repeated in the current year.

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified

_____ Yes X None reported

Non-compliance material to financial statements noted?

_____ Yes X No

Federal Awards and State Projects

Internal control over major federal programs and state projects:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

X Yes _____

Type of auditors' report issued on compliance for major federal programs and state projects:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.557, Rules of the Auditor General?

X Yes _____ No

Identification of major programs:

Federal Program/Cluster

CFDA No.

CDBG Entitlement Grants Cluster

14.218

Congressionally Mandated Projects

66.202

State Projects

CSFA No.

Cultural Facilities Grant

45.014

Florida Communities Trust Projects

37.708

Dollar threshold used to distinguish between

Type A and Type B Federal programs and State projects:

Federal \$750,000

State \$281,177

Auditee qualified as low risk auditee for Federal awards?

X Yes _____ No

CITY OF HOMESTEAD, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III– FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCIES

SD 2018-001 (previously reported as SD 2017-003) - Grants Policies and Procedures Manual

CFDA # 14.218 CDBG Entitlement Grants Cluster

Condition

The City has a grants policies and procedures manual approved by resolution on December 14, 2011. There have been changes to various policies and procedures which have not been reflected in the City's policies and procedures manual.

Criteria

As part of a sound system of internal control, it is important that policies and procedures approved by those charged with governance are followed or updated for changes in practices of the City.

Cause of Condition

The grants policies and procedures manual was approved starting in fiscal 2012 but has not been updated for changes considered necessary by City staff and management regarding the administration of grants awarded to the City.

Effect

Staff may be unaware of what is required to be performed to ensure in compliance with grant requirements as designated by those charged with governance, which could impact subsequent funding.

Recommendation

Marcum recommends that management review and update the grants policies and procedures manual to ensure policies and procedures are in compliance with current grant requirements and the requirements as designated by those charged with governance, which could impact subsequent funding.

Views of Responsible Officials and Planned Corrective Actions

See accompanying corrective action plan.

CITY OF HOMESTEAD, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

SECTION III– FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

SIGNIFICANT DEFICIENCIES (CONTINUED)

SD 2018-002 (previously reported as SD 2017-004) - Sub-recipient Monitoring

CFDA # 14.218 CDBG Entitlement Grants Cluster

Condition

During our review of the internal control processes over the major program, it was noted that although an initial risk assessment is performed regarding the granting of federal awards to sub-recipients, the subsequent monitoring is not specifically designed or performed based on the differences in risk assessments per sub-recipient.

Criteria

Under the Uniform Guidance, a grantor is required to perform an initial risk assessment to ensure the grantor is able to meet the national objective of the program and design monitoring based on the specific risk assessment.

Cause of Condition

Monitoring has been performed annually but not based on specific risk assessments per sub-recipient which is considered a necessary part of a sound system of internal control.

Effect

With infrequent monitoring, and monitoring not being based on specific risk assessments, the sub-recipient could not be meeting the national objective of the program, which could affect subsequent funding.

Recommendation

Marcum recommends the City enhance internal controls over the risk assessment process based on each sub-recipient and ensure appropriate monitoring is performed.

Views of Responsible Officials and Planned Corrective Actions

See accompanying corrective action plan.

MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Honorable Mayor, City Council, and City Manager
City of Homestead, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Homestead, Florida (the City) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 7, 2019. We did not audit the financial statements of the Pension Trust Funds, which represent 89%, 94%, and 39%, respectively, of the assets, net position/fund balance and revenues/additions of the aggregate remaining fund information.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Requirements Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; Summary Schedule of Prior Audit Findings and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedules, which are dated June 7, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings made in the preceding annual financial audit report. The status of recommendations made in the preceding annual financial audit report have been addressed in the summary schedule of prior audit findings.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. Our assessment was performed as of the fiscal year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Unit

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component unit that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Miami, FL
June 7, 2019



INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO SECTION 218.415 FLORIDA STATUTES

To the Honorable Mayor, City Council, and City Manager
City of Homestead, Florida

We have examined the City of Homestead's (the City) compliance with Section 218.415 Florida Statutes, Local Government Investment Policies for the fiscal year ended September 30, 2018. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2018.

This report is intended solely to describe our testing of compliance with Section 218.415, Florida Statutes, and it is not suitable for any other purpose.

Marcum LLP

Miami, FL
June 7, 2019





City Council

Stephen R. Shelley
Mayor

Jon A. Burgess
Vice Mayor

Jenifer N. Bailey
Councilwoman

Patricia Fairclough
Councilwoman

Julio Guzman
Councilman

Elvis R. Maldonado
Councilman

Larry Roth
Councilman

George Gretsas
City Manager

City Hall

100 Civic Court
Homestead, FL 33030
305-224-4400
www.cityofhomestead.com

CORRECTIVE ACTION PLAN **June 7, 2019**

The City of Homestead respectfully submits the following corrective action plan for the year ended September 30, 2018.

CORRECTIVE ACTION PLAN **2CFR § 200.511(c)**

FINDINGS-FEDERAL AWARDS AUDITS

CFDA #14.218 CDBG Entitlement Grants Cluster

SD 2018-001 (previously reported as SD 2017-003) - Grants Policies and Procedures Manual

Management agrees with the recommendation and stated the 2012 CDBG Program Manual will be reviewed and updated to ensure its compliances with grantor and governance requirements. Due to staff turnover, this was not accomplished as planned during 2018.

Anticipated Completion Date: August 2019

Person(s) Responsible:

Chantel Pierre
Accounting Manager
cpierre@cityofhomestead.com
305-224-4545

Michelange Jeudine
Accountant II
mjeudine@cityofhomestead.com
305-224-4555

SD 2018-002 (previously reported as SD 2017-004) Sub-recipient Monitoring

Management agrees with the recommendation and will review the processes per specific sub-recipients. However, due to the Finance Department's limited resources, the objective when monitoring sub-recipients of the public services grants was to make at least one site visit during the program's timeframe (usually a three to four month period). No monies are reimbursed unless proper documentation is received and reviewed by staff. The documentation includes expenditure support, a report on program activities, and proof of program participant's eligibility. An informal risk assessment of the sub-recipient is made at the time of the grant application review. The public facility grant sub-recipients are deemed to be little or no risk due to the nature of the grant. In the future, sub-recipients

determined to be riskier than others may be selected for additional site visits. Due to staff turnover, a formal risk assessment process was not developed as planned during FY 2018

Anticipated Completion Date: August 2019

Person(s) Responsible:

Chantel Pierre

Accounting Manager

cpierre@cityofhomestead.com

305-224-4545

Michelange Jeudine

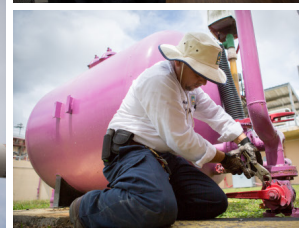
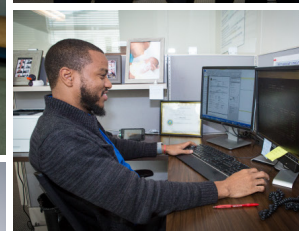
Accountant II

mjeudine@cityofhomestead.com

305-224-4555



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FISCAL YEAR ENDED SEPTEMBER 30, 2018

CITY OF HOMESTEAD

100 CIVIC COURT, HOMESTEAD, FL 33030

WWW.CITYOFHOMESTEAD.COM